

ORIGINAL

Decision No. 55285

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of

THE PACIFIC TELEPHONE AND TELEGRAPH COMPANY, a corporation,

for an order authorizing it (a) to issue and sell \$90,000,000 principal amount of Twenty-three Year _____% Debentures due August 1, 1980, (b) to execute and deliver an Indenture to be dated August 1, 1957, and (c) to offer 1,822,523 common shares for subscription and sale for cash at \$100 per share to the holders of its preferred and common shares.

Application No. 39093
(First Supplemental)

FIRST SUPPLEMENTAL ORDER

By Decision No. 55188, dated July 2, 1957, the Commission authorized The Pacific Telephone and Telegraph Company to execute and deliver an indenture and to issue and sell \$90,000,000 of debentures at competitive bidding.

In a supplemental application filed on July 12, 1957, the company reports that it desires to change the formula for determining the redemption prices of the debentures so as to provide that they will be redeemable on or after August 1, 1962, but not earlier, at the option of the corporation, as a whole or in part, and prior to maturity, upon at least 30 days' notice, at redemption prices (together with accrued interest to the date fixed for redemption) which shall be expressed in percentages of the principal amount and shall be determined as follows:

The redemption price will be five points (5% of the principal amount) above the public offering price beginning on August 1, 1962, and to and including July 31, 1963. The redemption price for each 12 months' period beginning August 1, 1963, and each August 1 thereafter to and including August 1, 1974, will be determined by reducing the redemption price in effect on July 31, 1963, by $1/13$ of the amount by which such price exceeds 100% multiplied by the number of 12 months' periods which have elapsed since July 31, 1962, and will be specified to the nearest .01 (1/100) of 1% (or if there is no nearest .01 of 1%, then to the next higher .01 of 1%). The redemption price on and after August 1, 1975, will be 100%.

The terms differ from those set out in the original application and the company has requested the Commission to enter its order so as to permit the desired changes in the redemption prices. It asserts that such changes should enable it to realize a higher price for its debentures than otherwise would be the case.

The Commission has considered this matter and is of the opinion a further hearing is not necessary and that the company's supplemental application should be granted, therefore,

IT IS HEREBY ORDERED that the order in Decision No. 55188, dated July 2, 1957, hereby is amended so as to permit The Pacific Telephone and Telegraph Company to execute and deliver the indenture and to issue the debentures authorized by said decision with the changes in the redemption prices for said debentures as set forth in the first supplemental application in this proceeding.

This first supplemental order is effective on the date hereof.

Dated at San Francisco, California, this 29th day of JULY, 1957.

Paul J. [unclear] President
Walter Dooly
R. Hardy
C. L. Fox Commissioners