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Decision No. _____

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of General Telephone Company of California for authority to issue and sell 500,000 shares of 5% Cumulative Preferred Stock, without competitive bidding.

Application No. 39074
(Second Supplemental)

O'Melveny & Myers, by James M. Irvine, Jr., for applicant

SECOND SUPPLEMENTAL ORDER

By Decision No. 55222, dated July 9, 1957 and Decision No. 55450, dated August 27, 1957, the Commission authorized General Telephone Company of California to issue and sell 500,000 shares (\$10,000,000 par value) of its 5-1/2% Cumulative Preferred Stock, exempt from competitive bidding, at a price of \$19.45 a share, flat, for shares which are included in sales as a part of a block of 10,000 or more shares sold by a single underwriter or dealer to a single purchaser, or at \$19.08 a share as to other sales. The shares were offered to the public at \$20.

It appears that the offering was well received and was subscribed in its entirety. Applicant desires to continue with its stock selling program and has concluded to go forward with an additional 250,000 shares in order to take advantage of what appears to be a favorable market. It has filed its second supplemental application in this proceeding for the appropriate

authority to issue and sell the 250,000 shares under the same terms and conditions as the original block of 500,000 shares. The proceeds will be utilized for the purposes set forth in the original proceeding, namely, the payment of indebtedness, the financing of construction costs and the reimbursement of the treasury.

A public hearing on the second supplemental application was held before Examiner Coleman in San Francisco on September 5, 1957.^{1/} The Commission has considered the record and is of the opinion that applicant will have need for additional funds to meet its 1957 capital costs, that the money, property or labor to be procured or paid for by the issue of the additional 250,000 shares is reasonably required by applicant for the purposes specified herein, and that such purposes are not, in whole or in part, reasonably chargeable to operating expenses or to income, and that an order should be entered granting the company's request; therefore,

IT IS HEREBY ORDERED as follows:

1. The issue and sale by General Telephone Company of California of 250,000 shares of cumulative preferred stock, in addition to those authorized by Decision No. 55222, dated July 9, 1957 and Decision No. 55450, dated August 27, 1957, hereby is exempted from the Commission's competitive bidding rule set forth in Decision No. 38614, dated January 15, 1946, as amended.

^{1/} The company originally had applied for 500,000 additional shares but at the hearing amended its request so as to reduce the amount to 250,000 shares.

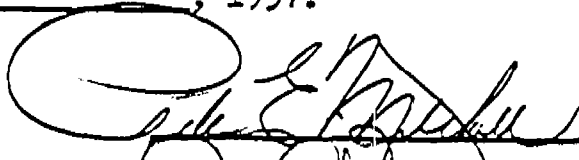
2. General Telephone Company of California, after the effective date hereof and on or before December 31, 1957, may issue and sell said 250,000 shares of cumulative preferred stock at the prices and under the terms and conditions set forth herein.


3. General Telephone Company of California shall use the proceeds to be received from the issue and sale of the 250,000 shares for the purposes set forth in this application.


4. General Telephone Company of California shall file with the Commission as soon as available three copies of its prospectus and a report showing the names of those to whom said shares were sold, the number of shares sold to each and the consideration received.

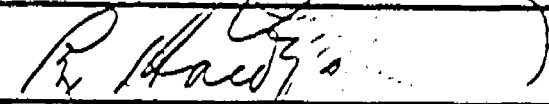
5. The authority herein granted will become effective on the date hereof.

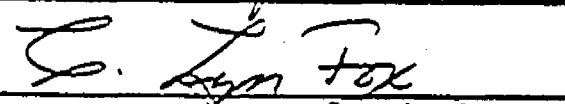
Dated at San Francisco, California, this 11th day of SEPTEMBER, 1957.



President








Commissioners