

ORIGINAL

Decision No. 55712

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of THE WESTERN TELEPHONE COMPANY for authority to issue notes up to an aggregate amount of \$600,000

} Application No. 35498 (Second Supplemental)

SECOND SUPPLEMENTAL ORDER

Under authorization granted by Decision No. 50187, dated June 29, 1954, The Western Telephone Company issued \$600,000 of unsecured 4½ per cent notes, due June 30, 1957, for the purpose of financing the cost of plant and equipment and of paying indebtedness. Thereafter, by Decision No. 50799, dated November 30, 1954, the company was authorized to execute a loan agreement with Stromberg-Carlson Credit Corporation by the terms of which it would borrow \$600,000 to pay the 4½ per cent notes and would issue its long-term 5½ per cent note, or notes, in evidence of the borrowing.

Applicant has not exercised the authorization to issue the long-term note, or notes, and presently is negotiating for a loan from the Rural Electrification Administration for the purpose of refunding its indebtedness and of providing additional capital funds. In the meantime, the holder of the \$600,000 of outstanding notes has agreed to renew the indebtedness and to extend the maturity date to and including December 31, 1957, subject, however, to an increase in the interest rate to 5½ per cent, and, similarly, Stromberg-Carlson Credit Corporation has agreed to extend the loan agreement to December 31, 1957. The telephone company has

requested the Commission to enter an order authorizing it to refinance its indebtedness and to extend the agreement.

The Commission has considered this request and is of the opinion that it should be granted, therefore,

IT IS HEREBY ORDERED as follows:

1. The Western Telephone Company may issue a note in the principal amount of not exceeding \$600,000, under the terms and for the purpose set forth herein, said note to be in, or substantially in, the same form as that filed as Exhibit A attached to the second supplemental application in the above-entitled proceeding, it being the opinion of the Commission that the money, property or labor to be procured or paid for by the issue of said note is reasonably required by applicant for the purpose specified herein, and that such purpose is not, in whole or in part, reasonably chargeable to operating expenses or to income.

2. The Western Telephone Company may enter into an extension of its loan agreement with Stromberg-Carlson Credit Corporation to and including December 31, 1957.

3. The Western Telephone Company shall file with the Commission a report, or reports, as required by General Order No. 24-A, which order, insofar as applicable, is made a part of this order.

4. This order will become effective on the date hereof.

Dated at San Francisco, California, this 22<sup>nd</sup>  
day of October, 1957.

*John E. Mitchell*  
President  
*Paul W. Sullivan*  
*William J. ...*  
*R. ...*  
*E. Lynn Fox*  
Commissioners