

ORIGINAL

Decision No. 56394

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application
of CALIFORNIA INTERSTATE TELEPHONE
COMPANY for authority to execute
and deliver Second Supplemental
Indenture to 4-3/4% Sinking Fund
Debenture Indenture dated
February 1, 1954.

Application No. 39861

O P I N I O N

California Interstate Telephone Company has filed this application for authorization to execute and deliver a supplemental trust indenture.

Under authorization granted by Decision No. 49783, dated March 16, 1954, and Decision No. 51779, dated August 9, 1955, California Interstate Telephone Company, among other things, executed a trust indenture and a first supplemental indenture and, pursuant to the terms of such instruments, issued and sold \$1,500,000 in principal amount of 4-3/4% debentures to eight institutional investors in order to finance, in part, its capital requirements. The indenture, as amended, provides that so long as any debentures remain outstanding applicant cannot incur unsecured short-term bank loans in excess of \$1,000,000.

Applicant now desires to increase the short-term borrowing limitation from \$1,000,000 to \$2,500,000 and it reports that the holders of the outstanding debentures have expressed their

willingness to have the provisions modified in this respect. Applicant has filed, as Exhibit A in this proceeding, a copy of its proposed second supplemental indenture designed to accomplish this modification.

Applicant entered upon its operations during March, 1954 with the purchase of the properties and business of Interstate Telegraph Company and forthwith undertook a program of expansion which was estimated to cost \$1,450,000 during the first year and, in connection therewith, executed the indenture to which reference has been made. It appears that applicant's construction has continued at a high level and that its construction budget for the year ending March 31, 1958, is \$2,450,000 and for the year ending March 31, 1959, \$2,808,000. The number of stations on applicant's lines has increased from approximately 12,000 in 1954 to 18,294 at the close of 1957.

It has been applicant's practice to finance itself temporarily with short-term bank borrowings and, from time to time, to refinance the same with permanent securities. With the increased volume of construction now facing it, applicant desires to place itself in a more elastic position where short-term loans in greater volume will be permitted.

Upon a review of the verified application and of the financial statements on file with the Commission, it clearly appears to us that applicant will have need for additional financing as it proceeds with its construction program, and

that the issue of short-term notes from time to time should facilitate its financing activities. An order will be entered granting applicant's request.

O R D E R

The Commission having considered the above-entitled matter and being of the opinion that a public hearing is not necessary and that the request of applicant should be granted, therefore,

IT IS HEREBY ORDERED as follows:

1. California Interstate Telephone Company may execute a second supplemental indenture dated February 28, 1958, in, or substantially in, the same form as that filed in this proceeding as Exhibit A.

2. Within 30 days after execution of said second supplemental indenture, applicant shall file two copies thereof with the Commission.

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

Dated at San Francisco, California, this 25th day of March, 1958.

President
 Commissioner
 Commissioner
 Commissioner

Commissioners