

ORIGINALDecision No. 65306

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 not to exceed \$25,000,000 principal amount of First Mortgage Bonds, Series O, Due May 1, 1993, to execute and deliver to Security First National Bank, as Trustee, an Indenture supplemental to the existing Indenture, as amended, securing said Company's bonded indebtedness, and to issue and sell 500,000 shares of its Common Stock.

Application No. 45292
 Filed March 28, 1963
 and Amendment
 Filed April 3, 1963

FINAL OPINION

The above-entitled application of General Telephone Company of California for authorization to issue and sell \$25,000,000 of bonds and 500,000 shares of common stock of the par value of \$20 each, to reimburse its treasury, to pay indebtedness and to finance construction costs was taken under submission by the Commission upon the conclusion of public hearing on April 11, 1963. At the hearing, Edward L. Blincoe, appearing for himself and for Utility Users' League of California, submitted two motions to the Commission, as follows:

1. That the Commission deny the request of the company to issue common stock, and
2. That the Commission fix a 25% hypothetical equity on which the company can charge off Federal income taxes as an operating expense against the ratepayer.

On April 23, 1963, the Commission entered an Interim Order, Decision No. 65271, in which it reviewed applicant's capital requirements, its proposed financing and its capital ratios and considered and authorized the issue of the bonds.

The Commission now has given consideration to the proposed issue of shares of common stock and to the motions made by Edward L. Blincoe. The Commission now finds that -

1. Applicant has need for funds from the sale of the 500,000 shares of common stock to reimburse its treasury, to pay indebtedness and to finance construction costs.
2. Applicant's financial structure as it exists, and as it will be upon the completion of the issue of its bonds and shares of common stock, is, and will be, reasonably balanced, and the issue of such shares will not be adverse to the public interest.
3. The matter of charges to operating expense for the purpose of fixing rates is not an issue in this proceeding.
4. The motions of Edward L. Blincoe should be denied.

5. The money, property or labor to be procured or paid for by the issue of the shares of common stock herein authorized is reasonably required for the purposes specified herein, which purposes are not, in whole or in part, reasonably chargeable to operating expenses or to income.

We will enter an order authorizing the issue of the shares of common stock. In making this order we place applicant upon notice that we will not regard the price at which it sells its shares or the dividends it pays as determining or fixing the rate of return which applicant should be allowed to earn on its investment in plants and properties. The authorization herein granted is for the issue of stock only and shall not be construed as indicative of amounts to be included in future rate proceedings for the purpose of determining just and reasonable rates.

FINAL ORDER

IT IS ORDERED that:

1. General Telephone Company of California may issue and sell not to exceed 500,000 shares of its common stock at not less than par, on or before December 31, 1963, for the purposes set forth in this proceeding.

2. General Telephone Company of California shall file a report, or reports, as required by General Order No. 24-A, which order, insofar as applicable, is made a part of this order.

3. The motions made by Edward L. Elincoe are denied.

4. The authority herein granted shall become effective ten days after the date hereof.

Dated at San Francisco, California,
this 1st day of MAY, 1963.

George G. Grover
President

W. E. McHugh
W. E. McHugh

William W. Bennett
Commissioner ~~of Public Utilities~~
necessarily absent. did not participate
in the disposition of this proceeding.

Commissioners