

ORIGINAL

Decision No. 70043

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)
\$40,000,000 principal amount of)
First Mortgage Bonds, Series R,)
Due December 1, 1995, 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.)

Application No. 48009
Petition for Modification
Filed November 29, 1965

FIRST SUPPLEMENTAL OPINION

By Decision No. 69974, dated November 23, 1965, in the above-entitled matter, the Commission, among other things, authorized General Telephone Company of California to issue and sell \$40,000,000 aggregate principal amount of its First Mortgage Bonds, Series R, Due December 1, 1995, the proceeds, exclusive of accrued interest, to be used for the purposes set forth in the application. In its Petition for Modification applicant seeks authority to use \$16,500,000 of the bond proceeds for a purpose not set forth in the application, namely, for the discharge of short-term bank loans incurred for the redemption on August 31, 1965 of its 5-1/2% Cumulative Preferred Stock.

In Decision No. 69433, dated July 27, 1965, in Application No. 47706, the Commission authorized General Telephone Company of California to issue and sell \$30,000,000 aggregate principal amount

of its Sinking Fund Debentures, Due September 1, 1990. Said decision contemplated that a portion of the proceeds would be used for discharging short-term bank loans for redeeming all of applicant's then outstanding \$20 par value 5-1/2% Cumulative Preferred Stock consisting of 750,000 shares redeemable at a price of \$22 per share plus accrued dividends. It appears that the company does not intend to issue the debentures as authorized by said Decision No. 69433, but that it desires to apply a portion of the Series R bond proceeds toward discharging bank loans incurred for redeeming said preferred stock.

The Commission has considered this Petition for Modification and finds that: (1) the money, property or labor to be procured or paid for by the issue of the bonds authorized by said Decision No. 69974 is reasonably required for the purposes specified therein and in this Petition for Modification, and (2) such purposes, except as otherwise authorized for accrued interest, are not, in whole or in part, reasonably chargeable to operating expenses or to income. A public hearing is not necessary.

On the basis of the foregoing findings we conclude that the Petition for Modification should be granted. The authorization herein given is for the purpose of this proceeding only and is not to be construed as indicative of amounts to be included in proceedings for the determination of just and reasonable rates.

FIRST SUPPLEMENTAL ORDER

IT IS ORDERED that:

1. Decision No. 69974, dated November 23, 1965, is hereby modified so as to permit General Telephone Company of California to use \$16,500,000 of the proceeds to be derived from its First Mortgage Bonds, Series R, Due December 1, 1995, for discharging bank loans incurred for the redemption of 750,000 shares of its \$20 par value 5-1/2% Cumulative Preferred Stock.

2. Said Decision No. 69974 shall remain in full force and effect, except as modified by this First Supplemental Order.

3. The authority granted by said Decision No. 69974, as herein modified, is alternative to the unexercised authority granted by Decision No. 69433, dated July 27, 1965, in Application No. 47706.

4. The effective date of this First Supplemental Order is the date hereof.

Dated at San Francisco, California, this 14 day of DECEMBER, 1965.

Fredrick B. Holhoff
President

George E. Hoover
Auditor

William L. Brund
Commissioners