

ORIGINAL

Decision No. 72677

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application)
of)

KERN MUTUAL TELEPHONE COMPANY,)
SAN JOAQUIN TELEPHONE COMPANY,)
GILROY TELEPHONE COMPANY,)
SANGER TELEPHONE COMPANY,)
ENTERPRISE TELEPHONE COMPANY,)
SNELLING TELEPHONE COMPANY,)
all California corporations,)

for an order or orders)
authorizing (1) the merger of)
San Joaquin Telephone Company,)
Gilroy Telephone Company, Sanger)
Telephone Company, Enterprise)
Telephone Company and Snelling)
Telephone Company into Kern)
Mutual Telephone Company, with)
Kern Mutual Telephone Company)
continuing as the surviving)
corporation under the name)
"Golden State Telephone)
Company", (2) Golden State)
Telephone Company, the surviving)
corporation, (i) to issue)
\$1,335,000 principal amount of)
its First Mortgage 5-3/8% Bonds,)
Series F, due September 1, 1986,)
and \$5,250,000 principal amount)
of its First Mortgage 5-5/8%)
Bonds, Series G, due October 1,)
1991, (ii) to execute and)
deliver a Fifth Supplemental)
Indenture, dated as of)
September 1, 1966, and a Sixth)
Supplemental Indenture, dated)
as of October 1, 1966, amending)
and supplementing its First)
Mortgage Indenture dated as of)
September 1, 1948, as heretofore)
amended and supplemented, (iii))
to issue and sell 40,000 shares)
of its 6-1/4% Cumulative)
Preferred Stock, \$25 par value,)
and (iv) to issue and sell)
102,000 shares of its common)
stock, \$10 par value.)

Application No. 48722
Petition for
Modification
Filed June 12, 1967

FIRST SUPPLEMENTAL OPINION

By Decision No. 71356, dated October 4, 1966, in the above-entitled matter, the Commission authorized the merger of five telephone companies into Golden State Telephone Company. In addition, among other things, the decision authorized the latter to execute and deliver two supplemental indentures and, on or before June 30, 1967, to issue and sell \$5,250,000 principal amount of its First Mortgage 5-5/8% Bonds, Series G, due October 1, 1991. Said decision contemplated that \$1,700,000 of the bond proceeds would be used for redeeming a like amount of debentures of one of the merging companies, namely, San Joaquin Telephone Company.

Golden State Telephone Company reports that it issued \$3,000,000 principal amount of said Series G bonds and postponed redeeming said debentures. It desires (a) an extension of time within which to issue the remaining \$2,250,000 principal amount of the bonds and (b) to apply the proceeds of said bonds toward repaying a portion of its short-term bank loans obtained for financing part of its 1967 construction program. The company also seeks authority to execute and deliver a Seventh Supplemental Indenture which, in addition to facilitating the release of property from the lien of the original indenture, will reflect the existence of said debentures.

The Commission has considered the Petition for Modification filed in the above-entitled matter on June 12, 1967, and finds that: (1) the proposed Seventh Supplemental Indenture

will not be adverse to the public interest; (2) the money, property or labor to be procured or paid for by the issue of said Series G bonds is reasonably required for the purposes set forth in said Decision No. 71356 and in said Petition for Modification; (3) such purposes, except as otherwise authorized for accrued interest, are not, in whole or in part, reasonably chargeable to operating expenses or to income; and (4) good cause appears for extending the time for the issuance and sale of said Series G bonds. A further public hearing is not necessary.

On the basis of the foregoing findings we conclude that said Petition for Modification should be granted. The authorization herein given 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. Golden State Telephone Company, on or after the date hereof and on or before July 31, 1967, may execute and deliver a Seventh Supplemental Indenture in the same form, or in substantially the same form, as Exhibit B attached to the Petition for Modification filed in this proceeding on June 12, 1967.

2. Golden State Telephone Company may use the proceeds to be derived from the issuance and sale of \$2,250,000 principal amount of the Series G bonds authorized by Decision No. 71356, dated October 4, 1966, for the purposes set forth in said decision and in the Petition for Modification filed in this proceeding on June 12, 1967.

3. The time within which Golden State Telephone Company may issue and sell said Series G bonds is hereby extended to and including July 31, 1967.

4. Decision No. 71356, dated October 4, 1966, as modified by an Order Extending Time dated November 24, 1966, shall remain in full force and effect, except as further modified by this decision.

5. The effective date of this order is the date hereof.

Dated at San Francisco, California, this 27th day of JUNE, 1967.

[Signature]
President
[Signature]
[Signature]
[Signature]

Commissioners

Commissioner Fred P. Morrissey, being necessarily absent, did not participate in the disposition of this proceeding.