

Decision No. 76182**ORIGINAL**

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of)	
)	
THE PACIFIC TELEPHONE AND TELEGRAPH)	
COMPANY, a corporation,)	
)	Application No. 51333
for an order authorizing it to issue)	Filed August 22, 1969
and sell \$150,000,000 principal)	
amount of Thirty-Five Year)	
Debentures due December 1, 2004,)	
and authorizing it to execute and)	
deliver an Indenture to be dated)	
December 1, 1969.)	

O P I N I O N

The Pacific Telephone and Telegraph Company seeks an order of the Commission authorizing it to execute and deliver an indenture, and to issue and sell \$150,000,000 principal amount of debentures.

Applicant intends to use the debenture proceeds for the purpose of reimbursing its treasury, to the extent that such proceeds are sufficient, for moneys actually expended since October 31, 1922, from income and other treasury funds of the company and its subsidiary, Bell Telephone Company of Nevada, for the acquisition of property and for the construction, completion, extension and improvement of facilities. The utility

reports that on July 31, 1969, its unreimbursed expenditures amounted to \$1,412,920,536. The application shows that upon reimbursement of the company's treasury on or about December 10, 1969, applicant will use said treasury funds for the purpose of reducing the amount of its then outstanding short-term borrowings to an estimated balance of approximately \$100,000,000.

The company proposes to invite sealed bids for the purchase of the \$150,000,000 of debentures, the winning bid to determine the interest rate. The debentures are to be issued under a new indenture to be dated December 1, 1969. They will mature December 1, 2004, and will be subject to a five-year restricted redemption provision. Applicant estimates that its debt ratio at December 31, 1969 will approximate 40.4%.

After consideration the Commission finds that:

1. The proposed debenture issue is for proper purposes.
2. Applicant has need for funds from external sources for the purposes set forth in this proceeding.
3. Applicant will be required to pay interest at a lower effective rate than it would in the absence of the proposed restricted redemption provision.
4. The proposed indenture will not be adverse to the public interest.

5. The money, property or labor to be procured or paid for by the issue of the debentures herein authorized is reasonably required for the purposes specified herein, which purposes, except as otherwise authorized for accrued interest, are not, in whole or in part, reasonably chargeable to operating expenses or to income.

On the basis of the foregoing findings we conclude that the application should be granted. A public hearing is not necessary. The authorization herein granted 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.

O R D E R

IT IS ORDERED that:

1. The Pacific Telephone and Telegraph Company may execute and deliver an indenture in the same form, or in substantially the same form, as that filed in this proceeding as Exhibit C.
2. The Pacific Telephone and Telegraph Company may invite the submission of written sealed bids for the purchase of not exceeding \$150,000,000 aggregate principal amount of its Thirty-Five Year Debentures due December 1, 2004.
3. The Pacific Telephone and Telegraph Company may issue and sell said debentures in the aggregate principal amount of not exceeding \$150,000,000 at the price offered in said bids which will

result in the lowest cost of money to applicant calculated in the manner provided in the Statement of Terms and Conditions Relating to Bids filed in this proceeding as a part of Exhibit D.

4. Immediately upon awarding the contract for the sale of said debentures, The Pacific Telephone and Telegraph Company shall file a written report with the Commission showing as to each bid received, the name of the bidder, the price, the interest rate and the cost of money to applicant based upon such price and interest rate, together with the name of the bidder to whom the contract for the sale of the debentures was awarded.

5. The Pacific Telephone and Telegraph Company shall use the proceeds to be derived from the issuance and sale of said debentures, other than accrued interest, to reimburse, so far as possible, its treasury for funds expended as set forth in the application. The accrued interest may be used for such purpose or for general corporate purposes.

6. Within thirty days after the issue and sale of the debentures herein authorized, The Pacific Telephone and Telegraph Company shall file with the Commission three copies of its prospectus pertaining to said debentures.

7. Within thirty days after the issue and sale of the debentures herein authorized, The Pacific Telephone and Telegraph Company shall file with the Commission a statement, in lieu of a report under General Order No. 24-B, disclosing the purposes for which the debenture proceeds were used.

8. This order shall become effective when The Pacific Telephone and Telegraph Company has paid the fee prescribed by Section 1904(b) of the Public Utilities Code, which fee is \$40,500.

Dated at San Francisco, California,
this 16th day of SEPTEMBER, 1969.

William S. Jones, Jr.
President

[Signature]

[Signature]

Vernon L. Sturgeon
Commissioners

