

Decision No. 76327

ORIGINAL

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 \$60,000,000)
 principal amount of First Mortgage)
 Bonds, Series V, Due December 1,)
 1999, to execute and deliver to)
 Security Pacific National Bank, as)
 Trustee, an Indenture supplemental)
 to the existing Indenture, as)
 amended, securing said Company's)
 bonded indebtedness.)

Application No. 51405
 Filed October 3, 1969

O P I N I O N

General Telephone Company of California requests an order of the Commission authorizing it to execute and deliver a Supplemental Indenture, and to issue, sell and deliver not exceeding \$60,000,000 aggregate principal amount of its First Mortgage Bonds, Series V, Due December 1, 1999. The utility proposes to invite bids for the purchase of said bonds, the winning bid to determine the interest rate. The bonds will be subject to a five-year restrictive redemption provision similar to that frequently employed in bond offerings at the present time.

Applicant proposes to issue and sell said Series V Bonds for the purpose of obtaining funds to discharge a portion of its short-term note obligations incurred for capital purposes. Accrued interest included in the bond purchase price will be used for general corporate purposes.

The company's capitalization ratios as of August 31, 1969, and as adjusted to give effect to the proposed bond issue, are summarized from Exhibit B, attached to the application, as follows:

	<u>August 31, 1969</u>	<u>Pro Forma</u>
Long-term debt	53%	55%
Preferred stock	4	4
Common stock equity	<u>43</u>	<u>41</u>
Total	<u>100%</u>	<u>100%</u>

After consideration the Commission finds that:

1. The proposed bond 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 restrictive redemption provision.
4. The proposed Supplemental 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 bonds 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. General Telephone Company of California may execute and deliver a Supplemental Indenture in the same form, or in substantially the same form, as that attached to the application as Exhibit C.

2. General Telephone Company of California may invite the submission of written sealed bids for the purchase of not exceeding \$60,000,000 aggregate principal amount of its First Mortgage Bonds, Series V, Due December 1, 1999, the Notice of Invitation for Bids to be published at least five days prior to the date set for the opening of the bids.

3. General Telephone Company of California may issue, sell and deliver said bonds in the aggregate principal amount of not exceeding \$60,000,000 at the price offered in the bid which will result in the lowest cost of money to applicant calculated in the manner provided in the Invitation for Bids attached to the application as Exhibit D.

4. General Telephone Company of California shall use the net proceeds from the sale of said bonds for the purposes set forth in the application.

5. Immediately upon awarding the contract for the sale of said bonds, General Telephone Company of California 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 on such price and interest rate.

6. Within thirty days after the issue and sale of the bonds herein authorized, General Telephone Company of California shall file with the Commission three copies of its prospectus pertaining to said bonds.

7. Within three months after such issue and sale, General Telephone Company of California shall file with the Commission a statement, in lieu of a report under General Order No. 24-B, disclosing the purposes for which the bond proceeds were used.

8. This order shall become effective on the day of payment by General Telephone Company of California of the fee prescribed by Section 1904(b) of the Public Utilities Code, which fee is \$18,000, or on the seventh day after the date hereof, whichever day is later.

Dated at San Francisco, California,
this 28th day of OCTOBER, 1969.

William J. Agnew, Jr.
President

Arthur J. ...
[Signature]

[Signature]

Verma L. Sturgeon
Commissioners

