

Decision No. 79287

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 )  
X, Due December 1, 2001, and 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. 52903  
Filed October 1, 1971  
and Amendment  
Filed October 28, 1971

O P I N I O N

General Telephone Company of California seeks an order of the Commission authorizing it to execute and deliver a Supplemental Indenture and to issue, sell and deliver \$50,000,000 aggregate principal amount of its bonds.

The company proposes to invite bids for the purchase of \$50,000,000 aggregate principal amount of its First Mortgage Bonds, Series X, Due December 1, 2001, the successful bid to determine the interest rate. The bonds would be subject to a restricted redemption provision until December 1, 1976, and would be secured by an existing indenture as heretofore supplemented and as further supplemented by a proposed Supplemental Indenture.

Applicant proposes to sell said bonds for the purpose of discharging a portion of its outstanding obligations incurred for capital purposes. Short-term notes outstanding as of the date of the application aggregated \$100,822,000. Accrued interest included in the purchase price of the bonds would be used for general corporate purposes.

The company's reported capitalization ratios as of August 31, 1971, and as adjusted to give effect to the sale of 1,500,000 shares of common stock authorized by Decision No. 78310, dated February 17, 1971, in Application No. 52425 and to the proposed \$50,000,000 bond issue, are computed as follows:

	<u>August 31, 1971</u>	<u>Pro forma</u>
Long-term debt	57.27%	57.56%
Preferred stock	3.74	3.53
Common stock equity	<u>38.99</u>	<u>38.91</u>
Total	<u>100.00%</u>	<u>100.00%</u>

After consideration the Commission finds that:

1. The proposed bond issue is for proper purposes.
2. Applicant has need for external funds for the purposes set forth in the application.
3. The proposed restrictive redemption provision is reasonable.
4. 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.
5. The proposed Supplemental Indenture would not be adverse to the public interest.

On the basis of the foregoing findings we conclude that the application, as amended, 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 substantially the same form as Exhibit D, attached to the application.

2. General Telephone Company of California may invite the submission of written sealed bids for the purchase of not exceeding \$50,000,000 aggregate principal amount of its First Mortgage Bonds, Series X, Due December 1, 2001, the invitation for bids to be published at least five days prior to 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 \$50,000,000 at the price offered in a bid which would result in the lowest cost of money to applicant calculated in the manner provided in the Invitation for Bids, a copy of which is attached to the application as Exhibit E.

4. General Telephone Company of California shall apply the proceeds from the sale of said bonds to the purposes set forth in the application.

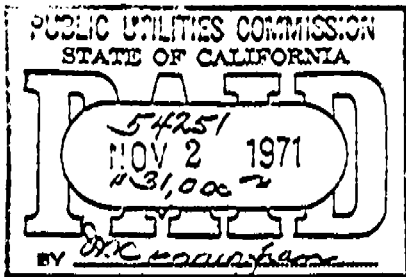
5. Promptly after awarding the contract for the sale of said bonds, General Telephone Company of California shall file a written report with the Commission showing, as to each bid received, the name of the bidder, the price, the interest rate and cost of money to applicant based upon such price and interest rate.

6. As soon as available, General Telephone Company of California shall file with the Commission three copies of its prospectus relating to said bonds.

7. Within thirty days 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 when General Telephone Company of California has paid the fee prescribed by Section 1904(b) of the Public Utilities Code, which fee is \$31,000.

Dated at San Francisco, California, this 2nd day of NOVEMBER, 1971



[Signature]  
Chairman  
William James G.  
[Signature]  
James L. Sturgeon  
[Signature]  
Commissioners