

ORIGINALDecision No. 82781

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,)

for an order authorizing it (a) to)
 issue and sell \$200,000,000 principal)
 amount of Thirty-Seven Year Debentures)
 due June 15, 2011, and (b) to execute)
 and deliver an Indenture to be dated)
 as of June 15, 1974.)

Application No. 54777
 (Filed April 2, 1974)

O P I N I O N

The Pacific Telephone and Telegraph Company seeks authority to execute and deliver an indenture and to issue and sell, at competitive bidding, \$200,000,000 principal amount of debentures.

Applicant proposes to use the debenture proceeds for partial reimbursement of its treasury for capital expenditures. The utility reports that on February 28, 1974, its unreimbursed capital expenditures amounted to \$2,418,146,132. Upon reimbursement of the company's treasury, applicant contemplates applying \$200,000,000 to reducing the amount of its then outstanding short-term borrowings, estimated to approximate \$400,000,000 as of July 2, 1974 in the absence of financing.

After giving effect to the financing proposed herein and to \$100,000,000 of proposed Seven-Year Notes financing, applicant estimates that its debt ratio would be 48.2% at July 31, 1974.

The company proposes to sell the debentures through competitive bidding, the successful bid to determine the interest rate. The debentures would be issued under an indenture to be dated as of June 15, 1974, would mature June 15, 2011, and would be subject to a restricted redemption provision until June 15, 1979.

After consideration the Commission finds that:

1. The proposed debentures would be for proper purposes.
2. Applicant has need for external funds for the purposes set forth in this proceeding.
3. The proposed indenture would not be adverse to the public interest.
4. The proposed restricted redemption provision is reasonable.
5. The money, property or labor to procured or paid for by 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 substantially the same form as Exhibit B attached to the application.
2. The Pacific Telephone and Telegraph Company may invite the submission of written sealed bids for the purchase of not exceeding \$200,000,000 aggregate principal amount of its Thirty-Seven Year Debentures due June 15, 2011.
3. The Pacific Telephone and Telegraph Company may issue and sell said debentures in the aggregate principal amount of not exceeding \$200,000,000 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 Standard Statement of Terms and Conditions Relating to Bids filed in this proceeding as a part of Exhibit C.

4. The Pacific Telephone and Telegraph Company shall use the proceeds to be derived from the issuance and sale of said debentures, exclusive of 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.

5. Promptly after awarding the contract for the sale of said debentures, The Pacific Telephone and Telegraph Company shall file with the Commission a written report 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 said price and interest rate.



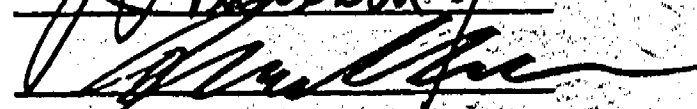

6. As soon as available, The Pacific Telephone and Telegraph Company shall file with the Commission three copies of its prospectus pertaining to said debentures.

7. Within one month after selling 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 it used the debenture proceeds.

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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 \$106,000.

Dated at San Francisco, California, this 23rd day of April, 1974.


President



Commissioners

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Decision No. _____

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,)

for an order authorizing it (a))
to issue and sell \$200,000,000)
principal amount of Thirty-Seven)
Year Debentures due June 15,)
2011, and (b) to execute and)
deliver an Indenture to be)
dated as of June 15, 1974.)

Application No. 54777
Petition for Modification
(Filed May 24, 1974)

FIRST SUPPLEMENTAL OPINION

By Decision No. 82781, dated April 23, 1974, in the above-entitled matter, the Commission authorized The Pacific Telephone and Telegraph Company to execute and deliver an indenture and to issue and sell, at competitive bidding, \$200,000,000 aggregate principal amount of its Thirty-Seven Year Debentures due June 15, 2011.

Petitioner seeks authority to make appropriate changes in the proposed documents in order to retain flexibility with respect to the issuance, maturity and interest payment dates so as to reflect the actual offering date, and to increase the offering to \$250,000,000.

After consideration the Commission reaffirms its findings in said Decision No. 82781 and further finds that the proposed changes are reasonable. On the basis of these findings we conclude that the petition should be granted. A public hearing is not necessary.

The authority 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.

FIRST SUPPLEMENTAL ORDER

IT IS ORDERED that Ordering Paragraphs Nos. 1, 2, 3 and 8 of Decision No. 82781 are hereby amended to read as follows:

1. The Pacific Telephone and Telegraph Company may execute and deliver an indenture in substantially the same form as Exhibit B attached to Application No. 54777 with appropriate changes in the issuance, maturity and interest payment dates in Exhibit B to reflect the actual offering date in the issue and sale of not exceeding \$250,000,000 of Thirty-Seven Year Debentures.

2. The Pacific Telephone and Telegraph Company may invite the submission of written sealed bids for the purchase of not exceeding \$250,000,000 aggregate principal amount of its Thirty-Seven Year Debentures.

3. The Pacific Telephone and Telegraph Company may issue and sell said debentures in the aggregate principal amount of not exceeding \$250,000,000 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 Standard Statement of Terms and Conditions Relating to Bids filed in this proceeding as a part of Exhibit C.

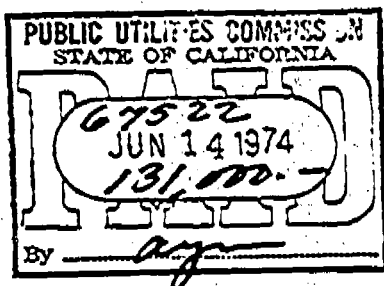
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8. This order shall become effective when The Pacific Telephone and Telegraph Company has paid the fee prescribed by Section 1904(b) of the Public Utilities Code, which fee is \$131,000.

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

Dated at San Francisco, California, this 24th day of MAY, 1974.

VERNON L. STURGEON
President
WILLIAM SYMONS, JR.
THOMAS MORAN
D. W. HOLMES
Commissioners



Commissioner J. P. Vukosin, Jr., being necessarily absent, did not participate in the disposition of this proceeding.

Certified as a True Copy

L. C. Lick
ASSISTANT SECRETARY
PUBLIC UTILITIES COMMISSION
STATE OF CALIFORNIA