

ORIGINALDecision No. 82911

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of)

CONTINENTAL TELEPHONE COMPANY)
OF CALIFORNIA, a California)
corporation)Application No. 54864
(Filed May 9, 1974)for an order authorizing it to issue)
and sell \$5,000,000 principal amount)
of its 8-3/4% Sinking Fund Debentures)
due 1999 and to execute and deliver)
a Trust Indenture.)O P I N I O N

Continental Telephone Company of California seeks authority to execute and deliver a Trust Indenture, and to issue and sell \$5,000,000 of its 8-3/4% Sinking Fund Debentures due 1999.

Applicant is a California corporation furnishing local and toll telephone service in portions of Arizona, California and Nevada, and is a subsidiary of Continental Telephone Corporation, a Delaware corporation. Applicant reports that its 1973 construction program amounted to approximately \$36,000,000, and that its 1974 construction expenditures are estimated to be in excess of \$31,800,000.

In order to obtain funds for repaying a portion of its short-term bank borrowings incurred to finance temporarily its construction program, the company proposes to issue and sell \$5,000,000 principal amount of its 8-3/4% Sinking Fund Debentures due 1999 to five life insurance companies. The debentures would be secured by a proposed Trust Indenture, and would be subject to a restricted redemption provision for ten years.

The utility's capitalization ratios as of December 31, 1973, after giving effect to the proposed debenture issue, as computed from its 1973 annual report filed with the Commission, are as follows:

Long-term debt	51%
Preferred stock	3
Common stock equity	<u>41</u>
Total	<u>100%</u>

After consideration the Commission finds that:

1. The proposed debentures would be for a proper purpose.
2. Applicant has need for external funds for the purpose set forth in the application.
3. The proposed restricted redemption provision is reasonable.
4. The proposed Trust Indenture would not be adverse to the public interest.
5. The money, property or labor to be procured or paid for by the debentures herein authorized is reasonably required for the purpose specified herein, which purpose is not, in whole or in part, reasonably chargeable to operating expenses or to income.

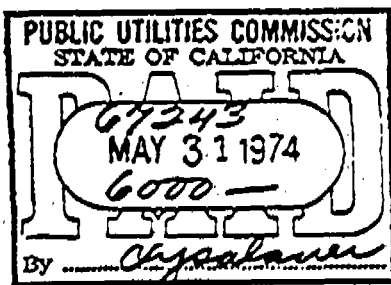
On the basis of the foregoing findings we conclude that the application should be granted. A public hearing is not necessary. The authorization herein granted is for the purpose of this proceeding only and is not to be construed as indicative of amounts to be included in proceedings for the determination of just and reasonable rates.

O R D E R

IT IS ORDERED that:

1. Continental Telephone Company of California may execute and deliver a Trust Indenture in substantially the same form as Exhibit A attached to the application.
2. Continental Telephone Company of California, on or after the effective date hereof and on or before September 30, 1974, may issue and sell not exceeding \$5,000,000 aggregate principal amount of its 8-3/4% Sinking Fund Debentures due 1999, at a price of not less than the principal amount thereof.
3. Continental Telephone Company of California shall apply the proceeds from the sale of said debentures to the purpose set forth in the application.
4. Continental Telephone Company of California shall file with the Commission the report required by General Order No. 24-B, which order, insofar as applicable, is hereby made a part of this order.
5. This order shall become effective when Continental Telephone Company of California has paid the fee prescribed by Section 1904(b) of the Public Utilities Code, which fee is \$6,000.

Dated at San Francisco, California, this 29th day of May, 1974.



Vernon L. Stinson
President
William Lyons Jr.
[Signature]
[Signature]
Commissioners

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