

LSC

Decision No. 87075

**ORIGINAL**

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of General Telephone )  
 Company of California to issue )  
 and sell, at competitive bidding, )  
 not exceeding \$75,000,000 )  
 additional principal amount of )  
 previously authorized First )  
 Mortgage Bonds, Series Y, Due )  
 April 1, 2007. )

Application No. 57082  
(Filed February 16, 1977)

O P I N I O N

General Telephone Company of California seeks authority to issue and sell through competitive bidding not exceeding \$75,000,000 principal amount of its First Mortgage Bonds, Series Y, Due April 1, 2007, in addition to the \$50,000,000 of such bonds authorized by Decision 36641, dated November 16, 1976, in Application 56830.

To the extent that market conditions make it economically advantageous to do so, applicant proposes to redeem its \$70,000,000 principal amount of 9-3/4% First Mortgage Bonds, Series W, Due June 15, 2000, which the company issued and sold on June 17, 1970. Such bonds are presently redeemable at 108.12% of their principal amount, plus accrued interest.

Applicant proposes to issue and sell \$75,000,000 principal amount of its Series Y bonds in order to obtain sufficient funds to redeem said Series W bonds and for the redemption premium and expenses associated with the redemption. The utility would use any remaining proceeds (other than accrued interest which it would use for general corporate purposes) to reimburse its treasury for capital expenditures.

The company intends to account for the call premium and unamortized cost of the redeemed issue by amortizing the amount to Account 338, Amortization of Discount on Long-term Debt, over the life of the new issue.

After consideration the Commission finds that:

1. The proposed bonds would be for proper purposes.
2. Applicant has need for external funds for the purposes set forth in the application.
3. The money, property or labor to be procured or paid for by the issuance 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.
4. Applicant would exercise the requested authority only to the extent that market conditions make it economically advantageous to do so.
5. The proposed amortization would not be adverse to the public interest.
6. The matter is noncontroversial and there is no reason to delay granting the requested authority.

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 invite the submission of written sealed bids for the purchase of not exceeding \$125,000,000 aggregate principal amount of its First Mortgage Bonds, Series Y, Due April 1, 2007, which amount includes the \$50,000,000 authorized by Decision 36641, dated November 16, 1976, in Application 56830.

2. General Telephone Company of California may issue, sell and deliver said bonds in the aggregate principal amount of not exceeding \$125,000,000 at the price offered in the bid which will result in the lowest annual cost of money to it calculated in the manner provided in the bidding papers as shown in Exhibit E attached to Application 56830.

3. General Telephone Company of California shall apply the proceeds from the sale of the not exceeding \$75,000,000 of additional bonds herein authorized to the purposes specified in this proceeding, and may place said proceeds in temporary cash investments between the receipt thereof and the date of redeeming its Series W bonds.

4. General Telephone Company of California may account for the call premium and unamortized cost of the redeemed Series W bonds by amortizing said amount to Account 338, Amortization of Discount on Long-term Debt, over the life of the Series Y bonds.

5. Promptly after awarding the contract for the sale of not exceeding \$125,000,000 of its Series Y bonds, General Telephone Company of California shall file a written report with the Commission showing, as to each bid received, the name of the

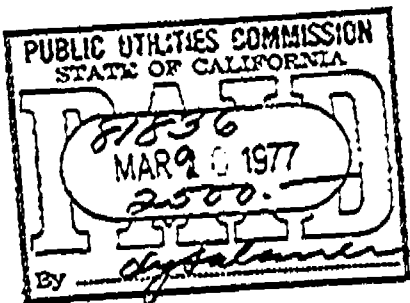
bidder, the price, the interest rate and cost of money to it based upon such price and interest rate.

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

7. Within one month after selling its Series Y bonds, General Telephone Company of California shall file with the Commission a statement, in lieu of a report under General Order 24-B, disclosing the purposes for which the 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 \$2,500.

Dated at San Francisco, California, this 9<sup>th</sup> day of MARCH, 1977.



Robert Butland  
President

Veronica S. S. S.

Richard R.

Richard D. Gravelle  
Commissioners

Commissioner William Symons, Jr., being necessarily absent, did not participate in the disposition of this proceeding.