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Decision No. 90792 SEP 12 1979

ORIGINAL

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of General Telephone
Company of California to modify
Decision No. 90657 to authorize
an increase in the principal
amount of First Mortgage Bonds,
Series BB, from \$100,000,000 to
\$125,000,000.

Application No. 59084
(Filed August 22, 1979)

S U P P L E M E N T A L O P I N I O N

General Telephone Company of California (General) seeks to have Commission Decision No. 90657, dated August 14, 1979, modified to authorize an increase in the principal amount of First Mortgage Bonds, Series BB (the "New Bonds") authorized therein from \$100,000,000 to \$125,000,000. Notice of the filing of the application to modify Decision No. 90657 appeared on the Commission's Daily Calendar of August 23, 1979.

General requests authorization to increase the aggregate principal amount of the New Bonds from \$100,000,000 to \$125,000,000 because it believes it can sell the additional \$25,000,000 of New Bonds at a more favorable cost of money than could otherwise be obtained at a later date. Sale of the additional New Bonds will also provide funds to further reduce General's short-term indebtedness.

General's capitalization ratios estimated as of December 31, 1979, giving effect to the proposed \$125,000,000 of New Bonds, and also giving effect to Application No. 58953, filed June 22, 1979 seeking authority to issue \$20,000,000 of Common Stock, are summarized from Exhibit F of the Supplemental Application as follows:

	<u>Recorded</u> <u>May 31, 1979</u>	<u>Pro Forma</u> <u>December 31, 1979</u>
Long-Term Debt	49.0%	50.2%
Preferred Stock	7.8	7.5
Common Equity	<u>43.2</u>	<u>42.3</u>
Total	<u>100.0%</u>	<u>100.0%</u>

The Revenue Requirements Division has reviewed the application and has concluded that the proposed additional \$25,000,000 of New Bonds is necessary to implement the company's construction program. The staff's review of General's current two-year future estimates confirms the need for gross construction expenditure requirements in excess of \$1,000,000,000. These estimated construction expenditures are consistent with inflationary trends, and past and projected increases in the number of main additions.

Findings of Fact

1. Decision No. 90657 should be modified to increase the principal amount of the New Bond from \$100,000,000 to \$125,000,000.
2. The proposed bonds would be for proper purposes.
3. There is no known opposition and there is no reason to delay granting General's request.

Conclusions of Law

1. A public hearing is not necessary.
2. The application constituting a petition to modify Decision No. 90657 should be granted.

The authorization granted herein is for the purposes 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.

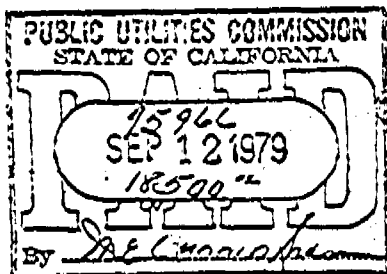
O R D E R

IT IS ORDERED that:

1. Decision No. 90657, dated August 14, 1979, is modified to increase the principal amount of applicant's Series BB, First Mortgage Bonds authorized therein by \$25,000,000 for a total aggregate principal amount of \$125,000,000.

2. This order shall become effective when General Telephone Company of California has paid the additional fee prescribed by Section 1904(b) of the Public Utilities Code, based on this modification, which fee is \$18,500.

Dated SEP 12 1979, at San Francisco, California.



[Signature]
President
[Signature]
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Commissioners