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Decision No. 90833 SEP 25 1979

ORIGINAL

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of General Telephone)	
Company of California to issue)	Application No. 59077
a renegotiated unsecured promissory)	(Filed August 20, 1979)
note previously authorized by)	
Decision No. 89193.)	

O P I N I O N

General Telephone Company of California (General) requests authority to issue and deliver to Citibank N.A. an unsecured promissory note (New Note) in the aggregate principal amount of \$30,000,000. This note is to replace an unsecured promissory note (Current Note) previously authorized by Decision No. 89193, dated August 8, 1978, in Application No. 58216.

General requests this authority pursuant to Sections 816 through 818 of the Public Utilities Code. Notice of the filing of the application appeared on the Commission's Daily Calendar of August 20, 1979.

General is a California corporation engaged in the business of providing telephone service to customers in portions of 20 California counties. For the twelve months ended June 30, 1979, the company reported total operating revenues of \$1,037,860,000 and net income of \$111,915,000.

General proposes to cancel the Current Note and issue the New Note in its place. Since the application seeks authority to issue the New Note in the same principal amount as the Current Note, no new funds are being sought by this Application. General anticipates the terms and conditions of the New Note will result in a lower cost of money over the life of the New Note than would otherwise result from the Current Note.

The New Note will be an unsecured promissory note in the amount of \$30,000,000 to be issued on or about October 1, 1979 and payable on or before September 30, 1983 with interest at Citibank's "floating" prime rate (plus one-quarter percent commencing October 1, 1981, and plus one-quarter percent commencing October 1, 1982) or one-half percent above the interest rate payable for three-month certificates of deposit, whichever is higher, provided that the interest rate may not exceed 9-7/8% per annum through September 30, 1981, all as more fully described in the form of the agreement and note attached to the application as Exhibit B. The note will provide for repayment of principal in equal quarterly installments commencing March 31, 1981 with no prepayment of principal prior to September 30, 1981 but prepayment permitted thereafter without penalty.

The proceeds of the Current Note were used by General to reimburse its treasury for monies actually expended for capital purposes but not obtained from external sources.

The Revenue Requirements Division has reviewed the application and has concluded that the issuance of the New Note is reasonable and in the public interest.

Findings of Fact

1. The issuance of the new promissory note is for proper purposes.
2. 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 should be granted to the extent set forth in the order which follows.

The authorization granted herein 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 issue and deliver an unsecured promissory note in the aggregate principal amount not exceeding \$30,000,000, which note shall be in substantially the same form as Exhibit B, attached to the application.

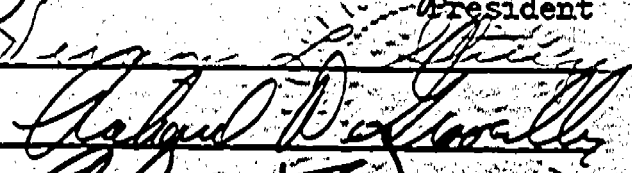
2. General Telephone Company of California shall file with the Commission a report, or reports, as required by General Order No. 24-B, which order, insofar as applicable, is hereby made a part of this order.

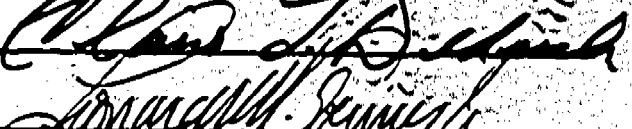
The effective date of this order is the date hereof.

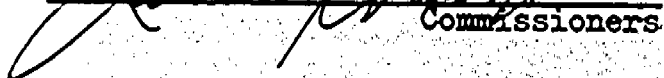
Dated SEP 25 1979, at San Francisco,

California.



President


Robert D. Donnelly


Charles J. DeLoach


Lawrence W. Jones
Commissioners