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DEC 18 1979

ORIGINAL

Decision No. _____

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of THE PACIFIC TELEPHONE AND TELEGRAPH COMPANY for authority to undertake equity financing through the issuance and sale of an amount not to exceed 10,000,000 of the corporation's authorized but unissued common shares.

Application No. 58989 (Filed July 10, 1979) and Petition for Modification (Filed October 26, 1979)

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

Commission Decision No. 90652, dated August 14, 1979, in this proceeding authorized The Pacific Telephone and Telegraph Company (Pacific Telephone) to issue, sell and deliver on or before December 31, 1979, an amount not to exceed 10,000,000 shares of its authorized but unissued common stock and to apply \$35,000,000 of the proceeds from the sale of the proposed stock for the retirement of its 3-1/4 percent Debentures on November 15, 1979.

By this petition for modification Pacific Telephone seeks authority to permit the issuance and sale of the common stock on or before July 31, 1980, and to apply the proceeds from the sale of the common stock to the reimbursement of its treasury. Notice of the filing of the petition for modification appeared on the Commission's Daily Calendar of October 30, 1979.

Subsequent to the issuance of Decision No. 90652, the proposed lead underwriter advised Pacific Telephone against selling the 10,000,000 common shares at the time originally scheduled. Based upon the underwriter's advice and its own assessment of its current financial outlook, Pacific Telephone decided to delay the proposed sale of common stock. The company indicates in its

petition, that it appears unlikely that it will issue and sell the proposed stock on or before December 31, 1979. It therefore seeks a modification of Decision No. 90652, to permit the issuance and sale of the common shares on or before July 31, 1980.

The petition for modification indicates that Pacific Telephone will not use \$35,000,000 of the proceeds from the issuance and sale of the common stock for the retirement of its 3-1/4 percent Debentures. In this regard it will be necessary to increase the amount of fee which Pacific Telephone has paid in connection with the issuance of Commission's decision.

Findings of Fact

1. Decision No. 90652 should be modified to permit the issue and sale of common stock on or before July 31, 1980.
2. The use of the proceeds for the purposes specified in the company's petition for modification is for proper purposes.
3. There is no known opposition and there is no reason to delay granting the authority requested.

Conclusions of Law

1. A public hearing is not necessary.
2. The petition to modify Decision No. 90652 should be granted to the extent set forth in the order which follows:

The authorization herein granted is for the purposes of this proceeding only and is not to be construed as a finding of the value of the company's stock or properties nor as indicative of amounts to be included in proceedings for the determination of just and reasonable rates.

S U P P L E M E N T A L
O R D E R

IT IS ORDERED that:

1. The time within which The Pacific Telephone and Telegraph Company may issue, sell and deliver an amount not to exceed 10,000,000 of its authorized but unissued common shares initially authorized by Decision No. 90652, is hereby extended to July 31, 1980.

2. The Pacific Telephone and Telegraph Company shall use the proceeds of the issuance and sale of not exceeding 10,000,000 common shares for the purposes stated in the application and in the petition for modification of Decision No. 90652.

3. Decision No. 90652 shall remain in full force and effect, except as modified by this Supplemental Order.

This order shall become effective when The Pacific Telephone and Telegraph Company has paid the additional fee prescribed by Section 1904.1 of the Public Utilities Code, based on this modification, which fee is \$17,500.

Dated DEC 18 1979, at San Francisco, California.

John E. Coyne President
William L. Stinson
Hubert D. Howell
Clair T. Delaney
Lawrence C. Smith Commissioners

