ORIGINAL

Decision No. ___92556___   DEC 30 1980

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of CONTINENTAL TELEPHONE)
COMPANY OF CALIFORNIA, a corporation,)
for an order authorizing it to issue)
and sell $30,000,000 of its First   )
Mortgage Bonds, Series Q, through a   )
negotiated private placement, and to)
execute a Nineteenth Supplemental   )
Indenture.   )

Application No. 59874
(Filed August 12, 1980)
Petition for Modification
(Filed December 8, 1980)

SUPPLEMENTAL OPINION

Decision No. 92247, dated September 16, 1980, and Decision
No. 92274, dated October 8, 1980, authorized Continental Telephone
Company of California (Continental) to issue up to $30,000,000 of
First Mortgage Bonds, Series Q. At the time the application was
filed, Continental expected that it might contract for sale of the
Bonds at private placement to institutional investors as early as
late September for issuance and delivery in February 1981.

Because of current market conditions, Continental has
temporarily deferred sale of the Bonds. The $10,000,000 common equity
capital contribution from Continental Telephone Corporation scheduled
for 1981 will be accelerated, and Continental will continue to rely
on its sources of short-term credit to finance its construction budget.
There has been no other material change in Continental's 1981
financing plan.

Under the terms of the Commission's Decisions Nos. 92247
and 92274, Continental's authorization to conclude a private placement
of the Bonds would expire December 31, 1980. Continental requests
that the deadline imposed by the Commission's decisions be extended
to December 31, 1981, and that Finding of Fact No. 4 and Ordering
Paragraph No. 1 be amended in order to provide for the extension of
time.

Continental also requests that the orders in this petition be made effective on the date the order is signed.

The authority sought by Continental's petition for modification is pursuant to Section 701 of the Public Utilities Code. Notice of the filing of the Petition for Modification appeared on the Commission's Daily Calendar of December 12, 1980.

In the circumstances, the Commission finds that Continental's request is reasonable and would not be adverse to the public interest.

A public hearing is not necessary. The Commission concludes that Continental's petition should be granted to the extent set forth in the supplemental order which follows:

SUPPLEMENTAL ORDER

IT IS ORDERED that:

1. Finding of Fact No. 4 of Decision No. 92247 is hereby amended to read as follows:

> 4. Continental believes it will be able to obtain an effective interest rate on its First Mortgage Bonds through negotiated private placement for delayed delivery in 1981, as low as or lower than it could obtain from a competitive bid public offering of such bonds at the time such private placement is concluded and should be authorized to proceed in the manner described in the application.

2. Ordering Paragraph No. 1 of Decision No. 92274 is hereby amended to read as follows:

> 1. Continental Telephone Company of California, on or after the effective date hereof and on or before December 31, 1981, may enter into a contract or contracts for issuance, sale and delivery of its First Mortgage Bonds, Series Q, in an aggregate principal amount of not to exceed $30,000,000, for future delivery on or prior to December 31, 1981, in accordance with the terms and conditions to be negotiated as described in the application; such sale is hereby exempted from the Commission's competitive bidding rule; and, alternatively, Continental Telephone Company of California may issue, sell and deliver such Bonds by means of a competitive offering.

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3.   In all other respects, Decisions Nos. 92247 and 92274
shall remain in full force and effect.

The effective date of this order is the date hereof.

Dated _____DEC 30 1980_____, at San Francisco, California.

_____
                                      President

_____

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_____
                                      Commissioners

Commissioner Vernon L. Sturgeon, being
necessarily absent, did not participate
in the disposition of this proceeding.