

Decision 93818 DEC - 1 1981

ORIGINAL

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of General Telephone)  
Company of California to issue )  
and sell 2,500,000 shares of its )  
Common Stock (\$20 par value). )

Application 60990  
(Filed October 16, 1981)

O P I N I O N

General Telephone Company of California (General) requests authority under Public Utilities (PU) Code Sections 817 and 818, to issue and sell ~~2,500,000~~ 2,500,000 shares of its \$20 par value common stock to its parent General Telephone & Electronics Corporation, a New York corporation.

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Notice of the filing of the application appeared on the Commission's Daily Calendar of October 19, 1981. No protests have been received.

General is a California corporation engaged in the business of providing telephone service to customers in portions of 20 California counties. For the 12 months ended August 31, 1981, General reported total operating revenues of \$1,380,225,000 and net income of \$121,393,000, according to Exhibit A attached to the application.

General proposes to issue an additional 2,500,000 shares of common stock for the purpose of reimbursing its treasury for moneys actually expended for capital purposes but not obtained from external sources.

General estimates that, as of December 31, 1981, after the issuance of the proposed common stock, it will have no short-term indebtedness.

General's estimated gross construction expenditures for the year ending December 31, 1981 will be \$725,411,000. Review by the Revenue Requirements Division of General's current 1981 estimate confirms the need for externally generated funds to meet its forecasted requirements. General's estimated construction expenditures are consistent with inflationary trends and past and projected increases in the number of main stations. The estimated expenditures are required to provide planned additions to buildings, central office equipment, station equipment, outside plant, and other plant and equipment necessary to meet customer growth and movement, and for modernization and plant replacement. The Revenue Requirements Division reserves the right to reconsider the reasonableness of any specific construction expenditure in future rate proceedings. ✓

General proposes to issue and sell the 2,500,000 shares of common stock at its par value of \$50,000,000 on or before December 31, 1981.

General's reported capitalization ratios as of August 31, 1981, adjusted to reflect the proposed issue of stock, and also including financings authorized by Decision (D.) 92713, dated February 18, 1981, as supplemented and modified by D.92759 dated March 3, 1981, D.92876 dated April 7, 1981, and D.93322 dated July 22, 1981 in Application (A.) 60163, and D.93381 dated June 1, 1981 in A.60623 are summarized from Exhibit B, attached to the application, as follows:

	<u>August 31, 1981</u>	<u>Pro Forma</u>
Long-Term Debt	53.5%	52.3%
Preferred Stock	7.0	7.4
Common Equity	<u>39.5</u>	<u>40.3</u>
Total	100.00%	100.00%

General has requested that the authority to issue the common stock become effective upon payment of the fee prescribed by the PU Code Section 1904.1.

Findings of Fact

1. General is a California corporation and a telephone utility subject to the jurisdiction of this Commission.

2. The proposed issue and sale of common stock would be for proper purposes.

3. General has need for external funds for the purposes set forth in the application.

4. The proposed security issue is for lawful purposes and the money, property, or labor to be obtained by it is required for these purposes. Proceeds from the security issue may not be charged to operating expenses or income.

5. There is no known opposition and there is no reason to delay granting the authority requested.

Conclusions of Law

1. The application should be granted to the extent set forth in the order which follows.

2. A public hearing is not necessary.

The number of shares outstanding, the total par value of the shares, and the dividends paid do not determine allowable return on plant investment. This authorization is not a finding of the value of the utility's stock or property, nor does it indicate the amounts to be included in ratesetting proceedings.

The following order should be effective on the date of signature to enable General to issue its common stock expeditiously.

O R D E R

IT IS ORDERED that:

1. General Telephone Company of California (General), on or after the effective date of this order and on or before <sup>December</sup> ~~March~~ 31, 198~~7~~, may issue, sell, and deliver, at one time or from time-to-time, to General Telephone & Electronics Corporation, at par for cash, not exceeding 2,500,000 additional shares of its \$20 par value common stock.
2. General shall apply the proceeds from the sale of stock for the purposes set forth in the application.
3. General shall file the reports required by General Order Series 24.

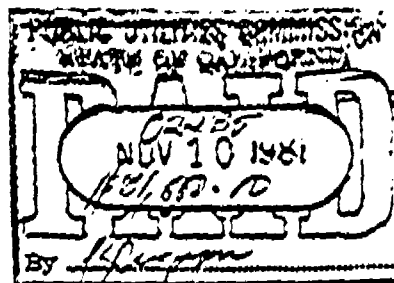
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4. The authority granted by this order to issue stock will become effective when General pays \$31,000, the fee set by PU Code Section 1904.1.

Dated DEC - 1 1981, at San Francisco, California.

JOHN E. BRYSON  
President  
RICHARD D. GRAVELLE  
LEONARD M. GRIGES, JR.  
VICTOR CALVO  
PRISCILLA C. CREW  
Commissioners



I CERTIFY THAT THIS DECISION  
WAS APPROVED BY THE ABOVE  
COMMISSIONERS TODAY.

*Joseph E. Bedovits*  
Joseph E. Bedovits, Executive Director