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Decision No. 12747.

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA.

In the Matter of the Application of
SOUTHERN CALIFORNIA EDISON COMPANY,
a corporation, for authority to make,
execute and deliver a trust indenture
covering all of its properties of
every kind and character whatsoever
to secure a bonded indebtedness al-
ready authorized and to be hereafter
authorized and to issue and sell
\$12,500,000. face value of bonds to
be issued under, and secured by, said
trust indenture.

ORIGINAL

Application Number 9466.

Roy V. Reppy, for Applicant.

BY THE COMMISSION:

OPINION

Southern California Edison Company asks permission to execute a trust indenture and to issue and sell at not less than ninety four and one half percent. of their face value plus accrued interest \$12,500,000. of its refunding mortgage six percent. twenty year gold bonds of the "series of 6's due 1943" for the purpose of financing the cost of additions and improvements to its plants and properties.

Southern California Edison Company as of August 31, 1923 reports its bonded debt outstanding in the hands of the public as \$89,452,700. including \$54,144,000. of general and refunding mortgage bonds due February 1, 1944; \$30,424,700. of underlying bonds; and \$4,884,000. of seven percent. debentures. In addition, applicant has guaranteed the payment of \$371,000. of Shaver Lake Lumber Company bonds.

Applicant intends to execute a trust indenture to secure the payment of an authorized bonded indebtedness of \$250,000,000. and such further bonded indebtedness which may be hereafter authorized by its stockholders.

Applicant now has outstanding under its general and refunding mortgage bonds in the amount of \$54,144,000. All of these bonds mature February 1, 1944. The general and refunding mortgage does not permit the company to issue bonds of different maturities. The result is that applicant, if it issued any additional bonds under its general and refunding mortgage, will at some time in the future find it necessary to refund at one time a large bonded indebtedness. Moreover, the general and refunding mortgage provides only for an authorized bond issue of \$136,000,000. Of this authorized issue, \$54,144,000^{are} now outstanding, approximately \$30,424,700. are reserved to refund underlying bonds, leaving \$51,431,300. available for issue and sale. Applicant has heretofore in Application Number 8591, filed a statement in which it estimates its construction expenditures during the current and five succeeding years as follows:-

1923	\$26,000,000.
1924	19,452,000.
1925	24,407,000.
1926	17,745,000.
1927	13,375,000.
1928	<u>13,000,000.</u>

TOTAL \$113,979,000.

The bonds available for issue and sale under applicant's general and refunding mortgage are not sufficient to provide seventy-five percent of the money necessary to complete the work outlined in Application Number 8591. Rather than issue any additional bonds under its general and refunding mortgage, applicant has concluded to execute a new mortgage or deed of trust securing the payment of an authorized bonded indebtedness of \$250,000,000. and such further bonded indebtedness which may be hereafter authorized by its stockholders. The new mortgage

or deed of trust will permit of the issue of bonds in series of different maturities and at different rates of interest. There has not been filed with the Commission a copy of the proposed mortgage or deed of trust. A final order will be made in this proceeding only after there has been filed with the Commission a copy of the trust indenture which applicant asks permission to execute.

Applicant at this time requests authority to issue and sell at not less than ninety four and one half percent. of their face value and accrued interest \$12,500,000. of the bonds, the payment of which will be secured by the new mortgage or deed of trust. These bonds will be in series of 6's due October 1, 1943.

As of August 31, 1923 applicant reports \$13,103,030.20 (Exhibit No. 6) of construction expenditures, against which the Commission has not authorized the issue of any securities. To finance in part such construction expenditures, and construction expenditures subsequent to August 31, 1923, applicant has issued short term notes in the amount of \$11,600,000. (Exhibit No. 5). It is of record that the proceeds from the sale of the bonds will be used to pay the notes. If the bonds are sold at ninety-four and one half, applicant will realize from such sale \$11,812,500., excluding the accrued interest. The difference between the amount ~~realized~~ and the notes payable amounts to \$212,500. This amount may be used by applicant to reimburse its treasury because of earnings expended for construction purposes.

ORDER

SOUTHERN CALIFORNIA EDISON COMPANY having applied to the Railroad Commission for permission to execute a trust indenture, and to issue and sell \$12,500,000. of bonds, a public hearing having been held before Examiner Fankhauser, and the Railroad Commission being of the opinion that the money, property or labor to be procured or paid for by such issue is reasonably required by appli-

cant, and that the expenditures herein authorized are not in whole or in part reasonably chargeable to operating expenses or to income, and that this application should be granted, as herein provided; therefore-

IT IS HEREBY ORDERED that Southern California Edison Company be, and it is hereby, authorized to issue and sell, at not less than ninety-four and one half percent. of their face value plus accrued interest, \$12,500,000. of its refunding mortgage six percent. twenty year gold bonds. The authority herein granted is subject to further conditions as follows:-

1. None of the bonds herein authorized to be issued shall be delivered until the Commission by supplemental order has authorized applicant to execute a mortgage or deed of trust to secure the payment of the bonds.
2. Upon being authorized to execute a mortgage or deed of trust to secure the payment of the \$12,500,000. of bonds, applicant shall use \$11,600,000. of the proceeds obtained from the sale of such bonds to pay the notes listed in Exhibit No. 5, and shall use the remainder of the proceeds obtained from the sale of such bonds to reimburse its treasury on account of earnings expended for additions and betterments.
3. Only such construction expenditures as are properly chargeable to capital account under the Uniform System of Accounts prescribed by this Commission shall be financed through the payment of notes and the reimbursement of applicant's treasury.
4. The authority herein granted to issue bonds will become effective when applicant has paid the fee prescribed by Section 57 of the Public Utilities Act, which fee is \$6,125.00, and will expire on April 1, 1924.

5. Applicant shall keep such record of the issue, sale and delivery of the bonds herein authorized and of the disposition of the proceeds as will enable it to file, on or before the 25th day of each month, a verified report as required by the Railroad Commission's General Order No. 24, which order in so far as applicable, is made a part of this order.

DATED at San Francisco, California, this 24th day of October, 1923.

C. E. Shaw

Irvine Martin
Egerton Shore

J. T. Whittier
Commissioners

