

ORIGINAL

Decision No. 13395

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 issue) Application Number 9942.
 and sell 100,000 shares of its six)
 percent. preferred stock, Series "B".)

Roy V. Reppy, for Applicant.

BY THE COMMISSION:

OPINION

The Southern California Edison Company asks permission to issue and sell 100,000 shares (\$10,000,000. par value) of its six percent. preferred stock, Series "B", and use the proceeds to pay expenses incurred in connection with the sale of the stock, to pay indebtedness and pay the cost of acquiring and constructing additions, extensions and betterments to its properties.

Applicant in its Exhibit No. 1 reports the amount and kinds of stock authorized as follows:-

Original Preferred Stock	40,000 shares	par value of \$4,000,000
Preferred Series A Stock 7 percent	600,000 shares	par value of 60,000,000
Preferred Series B Stock 6 percent	400,000 shares	par value of 40,000,000
Preferred Series C Stock 5 percent	210,000 shares	par value of 21,000,000
Common Stock	<u>1,250,000</u> shares	par value of <u>125,000,000</u>
TOTAL.....	<u>2,500,000</u>	<u>\$250,000,000</u>

The amount and kinds of stock issued and outstanding on February 29, 1924 is reported by applicant in its Exhibit No. 1 as follows:-

Original Preferred Stock	40,000 shares par value of	\$4,000,000
Preferred Series A Stock	102,254 shares par value of	10,225,400
*Common Stock	516,836 shares par value of	51,683,600
Subscribed Preferred Series A Stock	17,328 shares par value of	1,732,800
Subscribed Common Stock	<u>60,641</u> shares par value of	<u>6,064,100</u>
TOTAL....	<u>737,059</u>	<u>\$73,705,900</u>

*(Proportion of Common Stock controlled by Company through ownership of Pacific Light and Power Corporation stock, \$10,836,628, leaving net outstanding \$40,846,972.00.)

The holders of the original preferred stock of Southern California Edison Company are entitled to receive when and as declared from the surplus or net profits of the corporation, yearly dividends at the rate of five percent. per annum. The dividends on such stock are cumulative and are payable before any dividends on the preferred or common stock are paid or set apart, so that if in any year dividends amounting to five percent. shall not have been paid thereon, the deficiency is payable before any dividends are paid upon, or set apart for the preferred stock or the common stock. The preferred stock is divided into three classes as follows:- Series A, 600,000 shares; Series B, 400,000 shares; Series C, 210,000 shares.

Whenever all cumulative dividends upon the original preferred stock for all previous years shall have been paid, the holders of the preferred stock are entitled to receive when and as declared, from the remaining surplus or net profits of the corporation, after the payment of the cumulative dividends on the original preferred stock, yearly dividends at the following rates:- Holders of preferred stock, Series A, seven percent. and no more; holders of preferred stock, Series B, six percent. and no more; holders of preferred stock, Series C, five percent. and no more.

Except as to dividend rate, no distinction or preference exists among the three series of preferred stock or the owners thereof. The dividends on the preferred stock are also cumulative and are payable before any dividends on the common stock are paid or set apart, so that if in any year dividends amounting to seven percent. on the preferred stock, Series A; six percent. on the preferred stock; Series B; and five percent. on the preferred stock, Series C, shall not have been paid, the deficiency is payable before any dividends are paid upon or set apart for the common stock. The holders of the original preferred stock are entitled to participate in any distribution of surplus or net proceeds to the holders of the preferred stock, to the extent that such distribution shall, as to any series of preferred stock, be greater than five percent. and such right of participation is cumulative. Whenever all cumulative dividends on the original preferred stock, and on the preferred stock, for all previous years shall have been paid, the Board of Directors may declare dividends on the common stock payable out of any remaining surplus or net profits up to seven percent. per annum. The remainder of any surplus or net profits is applicable to the payment of further dividends, equally per share, on the original preferred and common stock.

In the event of any liquidation, the holders of the original preferred stock shall share equally, and be entitled to be paid in full, both the par amount of their shares and the unpaid dividends accrued thereon, before any amount shall be paid to the holders of the preferred stock or the holders of the common stock. After the payment in full to the holders of the original preferred stock of the par amount of their shares and all unpaid dividends accrued thereon, the holders of the preferred stock shall share equally and be entitled to be paid in full, both the par amount of their shares and the

unpaid dividends accrued thereon, before any amount shall be paid to the holders of the common stock, and after the payment, in the order aforesaid, to the holders of the original preferred stock and to the holders of all the preferred stock of the par amount of all shares held and of all the unpaid dividends accrued thereon, the remaining assets and funds shall be divided and paid to the holders of the common stock, equally and pro rata, according to their respective shares, up to the full value thereof; if thereafter assets remain, the same shall be distributed ratably to the holders of the original preferred stock and the common stock.

The company has the option of retiring any series of preferred stock in whole or in part, ratably in proportion of the respective holdings of stock of the series being retired, upon vote of the Board of Directors of the company, at any time, and from time to time, by paying therefor to the holders thereof at the rate of \$115.00 per share plus any accumulated dividends due thereon.

None of applicant's preferred stock, Series "B", is now outstanding. In this application it asks permission to issue and sell at not less than \$90.00 per share, 100,000 shares (\$10,000,000 par value) of such stock. The stock will be offered to applicant's stockholders at \$90. per share, on condition that they pay \$30. in cash, \$30. within three months, and \$30. within six months after subscribing for the stock.

Such stock as applicant's stockholders will not purchase, will be offered to the general public at the same price through E.H. Rollins and Sons who have agreed to act as the company's agents to sell^{the} stock. For their services rendered they are to receive an amount equal to \$6. per share for all stock sold by them. E.H. Rollins and Sons have not subscribed for any of the stock or have they underwritten the sale of any of the stock but are undertaking to act only as the company's agents in selling such stock. It is

of record that they are to pay all expenses incurred in connection with the sale of the stock.

As said, the company asks permission to pay, in connection with such stock as may be sold by E.H.Rollins and Sons, a commission of \$6. per share sold by them. Of the remaining proceeds, applicant intends to use \$3,550,000.00 to pay notes (Exhibit No. 5) which have been issued in connection with the acquisition or construction of applicant's properties or for the refunding of applicant's indebtedness, while the remainder will be used to pay in part construction expenditures set forth in applicant's Exhibit No. 6, filed in this proceeding and in applicant's Exhibit No. 6 filed in Application Number 9874. Applicant's Exhibit No. 6 filed in Application Number 9874 is a copy of its revised 1924 budget. In its revised budget applicant estimates its 1924 construction expenditures at \$29,197,000. which is summarized as follows:-

<u>ITEM</u>	<u>AMOUNT</u>
Big Creek	\$8,535,000.00
Research (Experimental Arch Dam)	60,000.00
Steam plants Nos. two and additions to one	<u>6,490,000.00</u>
Total Production	15,085,000.00
220 K.V. transmission	2,002,000.00
Miscellaneous system betterments	<u>12,110,000.00</u>
TOTAL	<u>\$29,197,000.00</u>

During January and February, 1924, the sum of \$3,969,500.00 has been expended, leaving a balance of \$25,227,500.00 to be expended during the remaining ten months of the current year. The Commission has heretofore authorized the issue of \$2,000,000.00 of common stock and \$14,000,000.00 of bonds to pay in part applicant's 1924 construction expenditures. It now proposes to raise additional funds through the sale of \$10,000,000.00 of preferred stock, Series "B".

O R D E R

Southern California Edison Company having applied to the Railroad Commission for permission to issue 100,000 shares (\$10,000,000.00 par value) of its six percent. preferred stock, Series "B", 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 applicant, and that the expenditures herein authorized are not in whole or in part reasonably chargeable to operating expenses or to income,

IT IS HEREBY ORDERED that Southern California Edison Company be, and it is hereby, authorized to issue and sell for cash at not less than \$90.00 per share, 100,000 shares of its preferred stock (six percent.) Series "B".

The authority herein granted is subject to further conditions as follows:-

1. Of the proceeds realized from the stock sold by E.E. Rollins and Sons, applicant may use, if necessary, an amount not exceeding \$6. per share of stock sold by them to pay commissions and other expenses incident to the sale of the stock. All other proceeds obtained from the sale of the stock shall be used to pay the notes referred to in applicant's Exhibit No. 5 filed in this proceeding and to pay in part the cost of the extensions, additions and betterments to applicant's properties referred to in its Exhibit No. 6 filed in this proceeding and its Exhibit No. 6 filed in Application Number 9874. Only such expenses as are properly chargeable to capital account, as defined by the Uniform Classification of Accounts prescribed or adopted by the Railroad Commission may be paid with the proceeds

obtained from the sale of the stock herein authorized.

2. Southern California Edison Company shall keep such record of the issue and sale of the stock 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.
3. The authority herein granted will become effective upon the date hereof. None of the \$10,000,000.00 of stock may be issued, sold or delivered subsequent to November 1, 1924.

DATED at San Francisco, California, this 10th day of April, 1924.

Albany
H. B. Bunnell

Egerton Shore

J. I. Whitney
Commissioners.