

IRA

Decision No. 15546

ORIGINAL

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 and sell one hundred thousand )  
(100,000) shares of its six per- )  
cent preferred stock, Series "B". )

Application No. 11802.

R. V. Roppy, for applicant.

BY THE COMMISSION:

O P I N I O N

Southern California Edison Company in this application asks permission to issue and sell 100,000 shares of its Series "B" six percent cumulative preferred stock of the aggregate par value of \$10,000,000.

The record shows that applicant has an authorized capital stock of \$250,000,000. divided into 2,500,000 shares of the par value of \$100. each. The various classes of stock and the amount of each class outstanding on August 31, 1925 are reported as follows:-

<u>Class</u>	<u>Authorized</u>	<u>Outstanding.</u>
Original preferred	\$ 4,000,000	\$4,000,000.
Series "A" 7% preferred	60,000,000	24,592,600.
Series "B" 6% preferred	40,000,000	17,231,200.
Series "C" 5% preferred	21,000,000	-
Common	<u>125,000,000</u>	<u>53,532,700.</u>
<u>Total</u>	<u>\$250,000,000.</u>	<u>\$99,356,500.</u>

Of the common stock \$10,836,628. is reported held by Pacific Light and Power Corporation and controlled by applicant, leaving \$42,696,072. outstanding in the hands of the public.

In addition to the amounts shown in the foregoing tabulation the company reports that \$2,913,100. of preferred and \$4,900,400. of common stock have been subscribed but not issued, making a total of \$107,170,000. of stock. For a statement of the terms of preference of the stock reference is made to Decision No. 13395, dated April 10, 1924 in Application No. 9942 (Vol. 24, Opinions and Orders of the Railroad Commission of California, page 763).

In making the present request to issue an additional \$10,000,000. of Series "B" stock the company asks to be allowed to sell it at not less than \$96. a share and to use not exceeding \$3.00 per share of stock sold to pay commissions and selling expenses. It further asks permission to consolidate the remaining proceeds with the proceeds received, or to be received from the sale of stock covered by former decisions of the Commission and to use such consolidated proceeds to reimburse itself for capital expenditures made and to provide the cost of expenditures to be hereafter made for the construction, completion, extension and improvement of its facilities.

The company reports uncapitalized construction expenditures as of August 31, 1925 at \$5,286,788.56, estimated construction expenditures for the remaining four months of the year at \$7,741,600. and estimated expenditures for 1926 at \$32,558,000., the three items aggregating \$45,586,388.56.

Comment has been made on the 1925 expenditures in

other decisions. The 1925 expenditures are reported to consist of the following general items:-

Big Creek Construction . . . . .	\$5,925,000.
220,000 volt transmission. . . . .	5,033,000.
Steam unit, 50,000 K.W. at Long Beach. . . . .	5,000,000.
Lands and rights of way for future steam plant and transmission lines; also for changing rights of way to fee ownership on Big Creek and Long Beach to Laguna Bell lines . . . . .	3,000,000.
Miscellaneous system betterments. . . . .	<u>13,600,000.</u>
Total.....	<u>\$32,558,000.</u>

The expenditures are described in more detail in the summary of the 1925 budget filed in this proceeding as Exhibit "8".

Former orders of the Commission have permitted the company to use stock proceeds to finance the cost of construction work heretofore made and to be made during 1925 as described in schedules filed with the Commission, the 1925 expenditures, on account of which the Commission has authorized the use of stock money, having been described in the company's annual budget. It is now reported that the company has been compelled to make expenditures during 1925 of \$527,050.08 for purposes not included in its budget. It therefore at this time asks the Commission to make an order permitting the use of stock proceeds to finance in part these expenditures of \$527,050.08, which are described in Exhibit "7", and to finance in part the expenditures of \$45,586,388.56 referred to.

We believe the company's requests should be granted, subject to certain conditions, and an appropriate order accordingly will be entered.

O R D E R

Southern California Edison Company having applied to the Railroad Commission for permission to issue and sell \$10,000,000. of its Series "B" six percent preferred stock, 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 and sale is reasonably required for the purposes specified herein and that the expenditures for such purposes are not in whole or in part reasonably chargeable to operating expense or to income:-

IT IS HEREBY ORDERED that Southern California Edison Company be, and it hereby is, authorized to issue on or before October 15, 1926, 100,000 shares of its Series "B" six percent cumulative preferred stock of the aggregate par value of \$10,000,000.

IT IS HEREBY FURTHER ORDERED that Southern California Edison Company be, and it hereby is, authorized to sell said \$10,000,000. of stock at not less than \$96. a share and to use an amount not exceeding \$3.00 per share of stock sold to pay commissions and other expenses incident to the sale of said stock and to combine the remaining proceeds, and such portions of the \$3.00 not needed to pay commissions and other expenses incident to the sale of said stock with the proceeds received, or to be received, from the issue and sale of the stock heretofore authorized to be issued by former orders of the Commission.

IT IS HEREBY FURTHER ORDERED that Southern California Edison Company be, and it hereby is, authorized to use the proceeds received and to be received from the issue and sale of

the stock herein authorized, and authorized by former orders, to finance in part the cost of the uncapitalized expenditures as of August 31, 1925 of \$5,286,788.56, reported in Applicant's Exhibit No. "5", the expenditures of \$527,050.08, reported in applicant's Exhibit No. "7" and not included in applicant's 1925 budget; the estimated expenditures of \$7,741,600. for the last four months of 1925 reported in applicant's Exhibit No. 6 and the estimated expenditures of \$32,558,000. reported in applicant's Exhibit No. "8" for the year 1926; provided that only such expenditures as are properly chargeable to fixed capital accounts as defined by the Uniform Systems of Accounts prescribed or adopted by the Railroad Commission may be financed with such proceeds.

IT IS HEREBY FURTHER ORDERED that applicant shall keep such record of the issue, sale and delivery 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.

IT IS HEREBY FURTHER ORDERED that the authority herein granted will become effective upon the date hereof.

DATED at San Francisco, California, this 21st day of October, 1925.

W. B. Brundage  
Cl. Seaver  
George D. Squires  
Ernest D. ...  
Leon Whitell

Commissioners.