

LEM

Decision No. 17813.

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 \$15,000,000.00 face value of)
its refunding mortgage gold bonds,)
Series of 5's, due 1951.)

Application No. 13438

B. F. Woodard, for applicant.

BY THE COMMISSION:

O P I N I O N

Southern California Edison Company asks permission to issue and sell at not less than 95 percent of their face value and accrued interest, \$15,000,000.00 of its refunding mortgage gold bonds, Series of 5's, due 1951, and use the proceeds for the purposes hereinafter stated.

As of November 30, 1926 Southern California Edison Company reports \$123,321,750.00 par value of stock outstanding segregated as follows:-

Original preferred stock	\$4,000,000.00
Preferred-Series A seven percent	25,430,900.00
Preferred-Series B six percent	31,251,975.00
Common stock	54,945,625.00
Subscribed preferred stock	4,327,075.00
Subscribed-common stock	3,366,175.00

Total..... \$ 123,321,750.00

The \$54,945,625.00 of common stock includes the proportion of common stock controlled by the company through the ownership of Pacific Light and Power Corporation stock, \$10,836,628.00, leaving the net amount of common stock outstanding at \$44,108,997.00.

In Exhibit No. 5 applicant reports its bonded debt as of November 30, 1926 at \$117,906,700.00, which consists of the following bond issues:-

<u>Title of Bond</u>	<u>Outstanding</u>
Southern California Edison Co. Ref. Mtg. Gold 6's 1943	\$26,500,000.
Southern California Edison Co. Ref. Mtg. Gold 5's 1951	40,000,000.
Southern California Edison Co. Gen. & Ref. 25 yr. 5½'s 1944	10,225,000.
Southern California Edison Co. Gen. & Ref. 25 yr. 5's 1944	10,000,000.
Southern California Edison Co. Gen. Mtg. 30 yr. 5's 1939	13,360,000.
Pacific Light & Power Corp. 1st & Ref. 5's 1951	5,968,000.
Pacific Light & Power Co. 1st Mtg. 5's 1942	5,903,000.
Mentone Power Company, 1st Mtg. 5's 1931	37,000.
Mount Whitney Power & Elec. Co. 1st Mtg. 6's 1939	3,248,000.
Santa Barbara G. & E. Co. 1st Mtg. 5's 1941	700,700.
Southern California Edison Co. Debentures 6 7's 1928	1,965,000.
Total.....	<u>\$117,906,700.</u>

In addition, the company reports that it has deposited with the trustee under the Edison Electric Light Company of Los Angeles mortgage, \$20,000.00 to redeem \$20,000.00 of bonds issued by that company. The mortgages of the company have been released of record, but the bonds have not been redeemed to date.

As of January 3, 1927 applicant in its Exhibit No. 3 reports short term notes of \$11,750,000.00. The notes bear interest at rates varying from 4-1/2 to 4-3/4 percent per annum. The company intends to use proceeds obtained from the sale of bonds to pay \$6,750,000.00 of the notes. The current indebtedness of the company, other than notes payable, as of November 30, 1926, is reported at \$7,187,417.01. The current liabilities do not include consumers advances for construction reported at \$1,375,062.97.

As of November 30, 1926 applicant reports the cost of its properties at \$241,824,480.15. Its Exhibit No. 6 shows that up to November 30, 1926 it expended \$14,622,281.96 for the acquisition and construction of new properties, against which no securities have been issued. This expenditure has been financed through the issue of notes, through advances and deposits from consumers and through the investment of earn-

ings of the company, such earnings being represented by accruals, reserves and surplus.

In its Exhibit No. 4 applicant estimates that during 1927 it will expend for new construction \$42,881,000.00, such expenditure being for the following purposes:-

Big Creek Construction	\$12,400,000.00
Vincent Transmission Line and Connections	2,676,000.00
Construction of New Steam Plant	4,280,000.00
220 kv Transmission Line-Laguna Bell Substation to Steem Plant Construction	1,175,000.00
Lighthipe Substation	2,400,000.00
Additions to Laguna Bell Substation	900,000.00
Rights of Way	3,000,000.00
Civil Engineering Dept. Contingencies	50,000.00
Miscellaneous System Betterments	16,000,000.00
	<hr/>
Total.....	<u>\$42,881,000.00</u>

We have not made a detailed examination of the company's 1927 estimated expenditures. In view of the expenditures actually incurred by the company up to November 30, 1926, and in further view of the fact that the company's budget (Exhibit No. 4) calls for an expenditure substantially in excess of the amount that it will receive from the sale of the bonds herein authorized to be issued, we do not believe that it is necessary for us to delay authorizing the issue of the bonds pending our further examination of the company's 1927 estimated construction expenditures. It is, of course, understood that by authorizing the issue of the bonds and the use of some of the proceeds for the purpose of financing 1927 expenditures, that the Commission is not estopped from questioning items appearing in said budget.

The company asks permission to use the proceeds obtained from the sale of the bonds to pay \$991,000.00 face value of seven percent gold debentures due January 15, 1927 to pay \$6,750,000.00 of short term notes and to reimburse its treasury on account of earnings expended for additions and betterments, and for the construction, completion, extension and improvement of its facilities.

In view of the fact that the company has used for construction purposes moneys obtained from consumers on account of deposits, and for advances for construction, we believe that the amount which may be used by it for the reimbursement of its treasury should be reduced by the amount received from consumers.

O R D E R

Southern California Edison Company, having applied to the Railroad Commission for permission to issue and sell \$15,000,000 face value of its refunding mortgage gold bonds, Series of 5's, due 1951, 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 expense or to income, and that this application should be granted, as herein provided, therefore,

IT IS HEREBY ORDERED as follows:-

1. Southern California Edison Company may issue and sell on or before April 1, 1927, at not less than 95 percent of their face value and accrued interest, \$15,000,000 of its refunding mortgage gold bonds, Series of 5's, due 1951.

2. The proceeds, other than the accrued interest, obtained from the sale of such bonds shall be used by applicant for the following purposes:-

a. To pay seven percent debentures due January 15, 1927..... \$991,000.00

b. To pay the following short term notes:-

To whom payable	Issued	Due	Amount
National City Bank, N.Y.	12/14/26	2/1/27	\$250,000.
New York Trust Company	12/14/26	2/1/27	250,000.
Bankers Trust Co. N.Y.	8/12/26	2/12/27	500,000.
Illinois Merchants Trust	8/12/26	2/12/27	500,000.
Harris Trust & Savings Bnk, Chgo	9/14/26	3/14/27	500,000.
Harris Trust & Savings Bnk, Chgo	9/24/26	2/24/27	500,000.
Bankers Trust Co. N.Y.	9/27/26	3/27/27	500,000.
Bankers Trust Co. N.Y.	10/15/26	2/15/27	500,000.
General Electric Co.	10/20/26	2/1/27	500,000.
General Electric Co.	10/25/26	2/1/27	500,000.
Bankers Trust Co. N.Y.	11/1/26	2/1/27	500,000.
New York Trust Co.	11/15/26	2/1/27	250,000.
National City Bnk, N.Y.	11/15/26	2/1/27	250,000.
General Electric Co.	12/30/26	2/1/27	1250,000.
			6,750,000.00

c. To reimburse company's treasury or pay the cost of the construction, completion, extension and improvement of its facilities described in Exhibit No. 8 filed in Application No. 11802 and in Exhibit No. 4 and Exhibit No. 8 filed in this proceeding..... 4,808,875.00

d. To pay indebtedness or the cost of the construction, completion, extension and improvement of its facilities described in Exhibit 8 filed in Application No. 11802 and in Exhibit No. 4 and Exhibit No. 8 filed in this proceeding 1,700,125.00

3. The accrued interest obtained from the sale of said \$15,000,000. of refunding mortgage gold bonds may be used for general corporate purposes.

4. The authority herein granted will become effective when applicant has paid the fee prescribed by Section 57 of the Public Utilities Act, which fee is \$6,502.25.

5. Southern California Edison Company 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, insofar as applicable, is made a part of this order.

DATED at San Francisco, California, this 7th day of January, 1927.

H. B. Bourdige

C. S. Sewer

Paul S. Reuter

Commissioners.

Fee \$650 $\frac{25}{100}$
RAILROAD COMMISSION
STATE OF CALIFORNIA
JAN 7 1927
Fee # 23655