

ORIGINAL

Decision No. 18082

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 170,732 shares of)
 its common stock of the total par)
 value of \$4,268,300.) Application No. 13602.

In the Matter of the Application of)
 SOUTHERN CALIFORNIA EDISON COMPANY,)
 a corporation, for authority to)
 issue and sell Four Hundred)
 Thousand (400,000) shares of its)
 preferred stock, Series B, 6%.) Application No. 13603.

Roy V. Reppy & Gail C. Larkin,
 for applicants.

BY THE COMMISSION:

O P I N I O N

In the above entitled matters the Railroad Commission is asked to authorize Southern California Edison Company to issue and sell, at not less than par, \$25.00 a share, 170,732 shares of its common stock of the aggregate par value of \$4,268,300.00 and 400,000 shares of its Series "B" six percent preferred stock of the aggregate par value of \$10,000,000.00 for the purpose of financing the cost of extensions, additions and betterments to its system.

A public hearing was held on the applications before Examiner Fankhauser in San Francisco on March 16, 1927, at which time they were consolidated for the purpose of receiving evidence and for decision.

The record shows that applicant has an authorized capital stock of \$250,000,000.00, divided into 10,000,000 shares of the par value of \$25.00 each. The following tabulation shows the various classes into which its authorized stock is segregated and the amount of each outstanding on January 31, 1927:-

<u>Class of Stock</u>	<u>Authorized</u>	<u>Outstanding</u>
Original preferred	\$4,000,000	\$4,000,000
Preferred - Series "A" 7%	30,000,000	25,490,200
Preferred - Series "B" 6%	50,000,000	33,741,075
Preferred - Series "C" 5 $\frac{1}{2}$ %	20,000,000	-
Preferred - Series "D" 5%	21,000,000	-
Common	<u>125,000,000</u>	<u>55,039,500</u>
Total	<u>\$250,000,000</u>	<u>\$118,270,775</u>

In addition the company reports, as of the same date, \$3,762,275.00 of preferred, Series "A" and Series "B", and \$3,241,300.00 of common subscribed but not yet issued, making a total issued or subscribed of \$125,274,350.00. This amount, however, includes \$10,836,628.00 of common stock held by Pacific Light and Power Corporation and controlled by applicant through stock ownership.

The company now reports the necessity of issuing additional stock to provide in part the cost of making extensions, additions and betterments during the year 1927. In this connection it reports, in its Exhibit "E", total expenditures for new construction up to January 31, 1927, against which no securities have been issued, of \$2,102,203.49, and, in its Exhibit "G", estimated expenditures for the entire year 1927, of \$42,881,000.00.

These estimated expenditures include the following:-

Big Creek construction	\$12,400,000
Vincent transmission line & connections	2,676,000
New steam plant, Long Beach	4,280,000
220 K.V. transmission line - Laguna Bell substation to steam plant	1,175,000
Lighthipe substation	2,400,000
Additions to Laguna Bell substation	900,000
Rights of way.	3,000,000
Civil engineering dept., contingencies	50,000
Miscellaneous system betterments	<u>16,000,000</u>
Total.	<u>\$42,881,000</u>

The estimated expenditures are reported in greater detail in the company's 1927 budget (Exhibit "G"). The company reports amounts due on account of the unpaid balances on stock subscriptions of \$4,265,097.11. Because of applicant having sold stock on the installment payment plan, not all of the \$4,265,097.11 will be collected during 1927. It also reports that of the stock heretofore authorized to be issued by the Commission there is unsold on February 28, 1927, 49,650 shares of the Series "B" stock, of the aggregate par value of \$1,241,250.00, 16,640 shares of the Series "A" stock of the aggregate par value of \$416,000.00, and 59,124 shares of the common stock of the aggregate par value of \$1,478,100.00. The moneys which the company will collect from stock subscribers, or which it may realize from the sale of stock heretofore authorized to be issued and sold, but not yet sold, will not be sufficient to finance its 1927 construction expenditures. The issue of additional stock seems necessary. It is of record that the company intends to offer, at par, the common stock which it asks permission to issue to the holders and subscribers, or their assigns, of its original preferred and common stock. It believes all or substantially all of the common stock will be purchased by those to whom the

stock will be offered. It does not at this time request permission to sell the common stock to others than those mentioned.

The order herein will permit the issue of the 170,732 shares of common stock and their offer to applicant's present stockholders, subscribers to stock or their assigns. We have made no determination, nor do we believe it to be within the jurisdiction of this Commission to make such a determination, as to whether applicant has the right to limit the offering of the common stock to those classes of stockholders mentioned herein.

ORDER

Southern California Edison Company having applied to the Railroad Commission for permission to issue stock, a public hearing having been held, and the Railroad Commission being of the opinion that the applications should be granted as herein provided and that the money, property or labor to be procured or paid for through such issue of stock 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 and sell, on or before December 31, 1927, at not less than \$25.00 a share, 170,732 shares of its common stock, of the aggregate par value of \$4,268,300. and 400,000 shares of its Series "B" six percent preferred stock of the aggregate par value of \$10,000,000.00, provided that such common stock be sold only to present stockholders, subscribers to stock or their assigns.

IT IS HEREBY FURTHER ORDERED that Southern California Edison Company be, and it hereby is, authorized to use an amount of the proceeds from the sale of the stock herein authorized, not exceeding \$1.00 per share of stock sold to pay commissions and expenses incident to the sale of the stock, and to consolidate the remaining proceeds, and such portion of the \$1.00 not needed for commissions and expenses incident to the sale, with the proceeds received or to be received from the sale of stock heretofore authorized to be issued, and to use such consolidated proceeds to finance, in part, the cost of the extensions, betterments and additions referred to in Exhibits "E" and "G", filed in these matters.

IT IS HEREBY FURTHER ORDERED that the authority herein granted shall become effective upon the date hereof, and, further, 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 insofar as applicable, is made a part of this order.

DATED at San Francisco, California, this 19th
day of March, 1927.

Commissioners.