

LBM

Decision No. 19383.

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 219,314 shares of its com-)
mon stock of the total par value of)
\$5,482,850.00.)

ORIGINAL

Application No. 14378.

Roy V. Reppy and Cail C. Larkin,
for applicant.

BY THE COMMISSION:

O P I N I O N

In the above entitled matter the Railroad Commission is asked to make its order authorizing Southern California Edison Company to issue and sell 219,314 shares of its common capital stock, of the aggregate par value of \$5,482,850.00, at par, - \$25. a share- to its common and/or original preferred stockholders for the purpose of reimbursing its treasury on account of moneys used in retiring at maturity \$995,000.00 of bonds and to finance the cost of extensions, betterments and additions to its properties.

In Exhibit "A", attached to the application, the company reports its authorized and outstanding capital stock, as of November 30, 1927, as follows;-

<u>Class of stock</u>	<u>Authorized</u>	<u>Outstanding</u>
- Original preferred stock	\$4,000,000.	\$4,000,000.
Preferred Series "A"- 7%	30,000,000.	25,558,100.
Preferred Series "B"- 6%	50,000,000.	47,595,625.
Preferred Series "C"- 5.5%	20,000,000.	7,669,125.
Preferred Series "D"- 5%	21,000,000.	-
- Common	125,000,000.	60,022,900.
Total.....	<u>\$250,000,000.</u>	<u>\$144,845,750.</u>

The \$60,022,900.00 of common stock reported outstanding includes \$10,836,628.00 of common stock controlled by the company through ownership of the stock of Pacific Light and Power Corporation, which, if deducted, leaves net common stock outstanding of \$49,186,272.00. In addition, to the amounts outstanding, the company reports, as of the same date, preferred stock subscriptions of \$3,788,275.00 and common stock subscriptions of \$2,131,725.00.

The company's outstanding funded debt, also as of November 30, 1927, is reported at \$134,962,700.00, consisting of the following:-

Mentone Power Company, first mortgage 5's, due 1931...	\$37,000.00
Pacific Light & Power Company, first mortgage 5's, due 1942	5,759,000.00
Pacific Light & Power Corporation first and refunding 5's, due 1951	5,721,000.00
Mt. Whitney Power & Electric Company, first mortgage 6's, due 1939	3,196,000.00
Santa Barbara Gas & Electric Company, first mortgage 5's, due serially 1920-1941	690,700.00
Southern California Edison Company:	
General mortgage 5's, due 1939	13,360,000.00
General & Refunding bonds due 1944.	20,225,000.00
5's	\$10,000,000.
5½'s	<u>10,225,000.</u>
Refunding mortgage bonds	85,000,000.00
5's due 1951	\$55,000,000.
5's due 1952	<u>30,000,000.</u>
Debentures, 7's, due 1928	974,000.00
Total	<u>\$134,962,700.00</u>

In addition the company reported outstanding \$20,000.00 of bonds, against which funds for retirement had been deposited with the trustee and the mortgages released, consisting of \$11,000.00 of Edison Electric Company of Los Angeles 30-year six percent gold bonds due December 2, 1927 and \$9,000.00 of Edison Electric Company of Los Angeles first mortgage five percent bonds due in 1929.

In making this application the company reports that it desires to use a portion of the proceeds to be received from the sale of the stock to reimburse itself for the retirement at maturity of \$995,000.00 of bonds, consisting of the \$974,000.00 of debentures that become due on January 15, 1928, \$11,000.00 of the Edison Electric Company of Los Angeles bonds that became due on December 2, 1927

and \$10,000.00 of the Santa Barbara Gas and Electric Company bonds that became due on July 1, 1927. It asks permission to consolidate the balance of the proceeds derived from the sale of its stock with the proceeds from the sale of other stock heretofore authorized to be issued and use said proceeds to finance in part expenditures for extensions, betterments and additions to its properties, as described in some detail in its annual budget for the year 1928, heretofore filed in Application No. 14187, which expenditures were reported at \$32,091,000.00, consisting of the following;-

Big Creek construction	\$5,982,000.00
220 K.V.lines and stations	2,122,000.00
New steam plants	5,712,000.00
Auxiliary unit-Long Beach steam plant . .	275,000.00
Civil engineering department	50,000.00
Rights of way	1,000,000.00
Miscellaneous system betterments	<u>16,950,000.00</u>
Total.....	<u>\$32,091,000.00</u>

To meet in part the total expenditures for 1928 the company reports due, on December 31, 1927, on account of the unpaid balances on stock subscriptions the sum of \$4,114,795.44 and it appears that of the stock, of all classes, heretofore authorized, there remained about \$7,000,000.00 par value unsold, so that the issue of additional securities seems necessary to take care of all the estimated construction requirements.

The company reports that it proposes to offer the additional \$5,482,850.00 of common stock at par to the holders of its common and/or its original preferred stock at the rate of one share of such stock for every ten shares of common and/or original preferred stock now held, and that it will issue transferable stock subscription warrants to its stockholders entitled to subscribe to the new issue of common stock. It anticipates that the entire issue will be taken by its stockholders or their assigns. It does not ask permission to use any part of the stock proceeds to pay commissions or selling expenses.

The company does ask for an order authorizing the issue and sale of the additional common stock to its common and/or original preferred stockholders only. However, as we have stated in a former decision, No. 18082, dated March 19, 1927, 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 two classes of stockholders named, and accordingly, the order herein will authorize the issue of the stock to applicant's present stockholders, their successors and assigns.

O R D E R

Southern California Edison Company having applied to the Railroad Commission for permission to issue stock, and the Railroad Commission being of the opinion that this is a matter in which a public hearing is not necessary and that the money, property or labor to be procured or paid for through such issue is reasonably required for the purposes specified herein, and that 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, 1928, at not less than \$25.00 a share, 219,314 shares of its common capital stock of the aggregate par value of \$5,482,850. provided that such stock be sold only to present stockholders, subscribers or their assigns.

IT IS HEREBY FURTHER ORDERED that Southern California Edison Company be, and it hereby is, authorized to use \$995,000.00 of the proceeds from the sale of the stock herein authorized to be issued to reimburse its treasury on account of expenditures made in retiring at maturity the \$995,000.00 of bonds and debentures re-

ferred to in the foregoing opinion, and to consolidate the remaining proceeds with the proceeds from the sale of stock heretofore authorized to be issued and to use said proceeds to finance in part the cost of extensions, betterments and additions to its properties described in its 1928 construction budget heretofore filed in Application No. 14187.

The authority herein granted is subject to the following conditions:-

1. Only such expenditures as are properly chargeable to fixed capital accounts under the uniform system of accounts prescribed by this Commission may be financed with the stock proceeds referred to herein.

2. Applicant 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, insofar as applicable, is made a part of this order.

3. The authority herein granted shall become effective ten days after the date hereof.

DATED at San Francisco, California, this 18th day of February, 1928.

Leon Whitehall
Clarence
Ernest
John D. Rutter

Commissioners.