

LEM

Decision No. 19557.

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 four hundred thou- )  
sand (400,000) shares of its pre- )  
ferred stock, Series C, 5-1/2 percent.)

**ORIGINAL**

Application No. 14536

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

BY THE COMMISSION:

O P I N I O N

In this application Southern California Edison Company asks permission to issue and sell, at not less than \$24.00 a share, 400,000 shares of its series "C" five and one half percent preferred stock of the par value of \$25. a share and of the aggregate par value of \$10,000,000. It further desires to use not exceeding \$1.00 per share of stock sold to pay commissions and selling expenses and to consolidate the remaining proceeds with the proceeds received, or to be received from the sale of stock heretofore authorized to be issued and sold, and to use the consolidated proceeds to finance the cost of extensions, betterments and additions to its plants and properties.

The application shows that recently the company has amended its Articles of Incorporation so as to reclassify its authorized capital stock, which now consists of a total authorized amount of \$250,000,000.00, divided into 10,000,000 shares of the par value of

\$25.00 each, of which 4,000,000 are common shares and 3,000,000 shares of the par value of \$150,000,000.00 are preferred shares. The stock of each class outstanding as of February 29, 1928 and the amounts of each class as now authorized are reported as follows:-

<u>Class of Stock</u>	<u>Authorized</u>	<u>Outstanding</u>
Original preferred . . . . .	\$4,000,000.	\$4,000,000.
Preferred, Series "A"- 7 percent . . . . .	30,000,000.	25,886,800.
Preferred, series "B"-5 percent . . . . .	50,000,000.	47,876,875.
Preferred, Series "C"-5.5 percent . . . . .	45,000,000.	15,046,725.
Preferred, Series "D"-5 percent . . . . .	21,000,000.	-
Common . . . . .	100,000,000.	49,368,947.
<b>Total.....</b>	<b>\$250,000,000.</b>	<b>\$142,179,347.</b>

In addition, there is reported as of the same date preferred stock subscriptions of \$4,835,700.00 and common stock subscriptions of \$<sup>#1</sup>9,939,050.00.

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In now asking permission to issue additional stock the company reports the necessity of obtaining funds to finance in part its 1928 construction expenditures. In this connection it reports, in its Exhibit No. 7, total expenditures for new construction as of February 29, 1928, against which no securities have been issued, of \$2,794,671.71, determined as follows:-

Total expenditures for new construction as of September 30, 1927, against which no securities had been issued; as shown in Exhibit 5 in Application No. 14187 . . . . .		\$754,171.31
Monthly expenditures for constructions:-		
October, 1927 . . . . .	\$ 2,108,876.26	
November, 1927 . . . . .	2,857,973.85	
December, 1927 . . . . .	2,828,153.08	
January, 1928 . . . . .	2,147,695.10	
February, 1928 . . . . .	2,747,802.11	12,690,500.40
<b>Total .....</b>		<b>\$13,444,571.71</b>
Less: proceeds used from sale of stock heretofore authorized . . . . .		<u>10,650,000.00</u>
<b>Balance.....</b>		<b><u>\$2,794,671.71</u></b>

In the preceding application, No. 14187, the company filed as Exhibit No. 6, a copy of its 1928 construction budget showing estimated expenditures for the year of \$32,091,000.00. As shown in the foregoing tabulation, expenditures for the first two months of the year aggregated \$4,895,497.21, leaving a balance of about \$27,196,000.00 for the remaining ten months.

To meet in part the uncapitalized construction expenditures as of February 29, 1928, and the estimated expenditures for the balance of the year, applicant reports due on February 29, 1928, on account of the unpaid balances on stock subscriptions, the sum of \$4,251,359.58, and it appears that of the stock heretofore authorized to be issued and sold, there remains unsold stock of the total par value of about \$8,500,000.00, so that apparently 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 the total expenditures referred to herein. Some of applicant's stock has been sold on an installment payment basis, with the result that all of the \$4,251,359.58 due on stock subscriptions will not be collected during the current year. The issue and sale of the additional \$10,000,000.00 of stock seems necessary and the order following accordingly will permit such issue and sale.

#### O R D E R

Southern California Edison Company having applied to the Railroad Commission for permission to issue and sell \$10,000,000.00 of 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 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 expenses 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 \$24.50 per share, 400,000 shares of its preferred stock, Series "C" five and one half percent, of the aggregate par value of \$10,000,000.00.

IT IS HEREBY FURTHER ORDERED that Southern California Edison Company be, and it hereby is, authorized to use an amount of the proceeds not exceeding seventy five cents 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 seventy five cents not needed for commissions and expenses incident to the sale of stock 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 extensions, betterments and additions to its properties, as indicated in the company's annual budget for the year 1928, a copy of which has heretofore been filed with the Commission as Exhibit No. 6 in Application No. 14107, provided that only such cost of the extensions, betterments and additions as is properly chargeable to fixed capital accounts under the Uniform System of Accounts prescribed by this Commission, may be financed with such proceeds.

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 Commis-

sion's General Order No. 24, which order, insofar as applicable,  
is made a part of this order.

DATED at San Francisco, California, this 2nd day of  
April 1928.

Leon Whittell

C. Seamy

W. J. L. L. L.

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Commissioners.