

LEM

Decision No. 19699.

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 ) Application No. 14614  
and sell one hundred forty thousand )  
(140,000) shares of its common stock )

In the Matter of the Application of )  
SOUTHERN CALIFORNIA EDISON COMPANY, )  
a corporation, for authority to issue ) Application No. 14615  
and sell eighty thousand(80,000) shares )  
of its preferred stock, series "C" )  
5-1/2 percent. )

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

BY THE COMMISSION:

O P I N I O N

In these two proceedings the Railroad Commission is asked to authorize Southern California Edison Company to issue and sell at not less than par 140,000 shares of its common capital stock, of the aggregate par value of \$3,500,000.00, and at not less than \$24.50 a share, 80,000 shares of its Series "C" five and one half percent preferred stock of the aggregate par value of \$2,000,000.00. It further asks permission to use a portion of the proceeds obtained from the sale of the stock, amounting to seventy-five cents a share, to cover the costs incurred in connection with such sale and to consolidate the balance of the proceeds with the proceeds from the sale of other stock heretofore authorized to be issued and sold, and to use said proceeds to finance the cost of extensions, betterments and additions, as provided for in its 1928 annual budget heretofore filed with the Commission.

In a preceding application, No. 14107, the company filed as its Exhibit "6", a copy of its 1928 construction budget showing estimated expenditures for the year of \$32,091,000.00. It appears that during the first three months of the year the construction expenditures amounted to \$7,641,106.17, leaving a balance of about \$24,450,000.00 for the remaining nine months of the year. Of the expenditures made prior to March 31, 1928 it is reported in Exhibit "7" in this proceeding, that there was a balance against which no securities had been issued, of \$340,280.67.

To meet in part the unfinanced balance of \$340,280.67 and the estimated expenditures of about \$24,450,000.00 for the remainder of the year, a total of \$24,790,280.67, the company reports due as of March 31, 1928, on account of the unpaid balances on stock subscriptions, the sum of \$4,298,852.72. It appears that of the stock heretofore authorized to be issued and sold, there remained unsold on April 21, 1928, stock of the aggregate par value of about \$11,709,250. so that the issue of additional stock seems necessary to take care of the 1928 construction costs. In this connection it might be added that some of applicant's stock has been sold under installment payment contracts with the result that not all the \$4,298,852.72 due on stock subscriptions will be collected this year.

The company proposes to offer the stock herein applied for to its employees in units consisting of one share of common stock and one share of Series "C" preferred stock for \$54.50 a unit, this being based on a price of \$30.00 a share for the common stock and \$24.50 a share for the preferred. Employees who have heretofore subscribed for applicant's five and one half percent and six percent preferred stock will be given an opportunity to subscribe for common stock on a basis of \$30.00 per share. The subscription agreements will be non-assignable. They will not permit the subscriber to anticipate any payments. Payment for the stock will be on a monthly basis, such payments being equal to about seven and one half percent of the em-

ployee's salary. The employee's account will be credited with the dividends being paid on the stock and charged with interest at the rate of five percent per annum.

O R D E R

Southern California Edison Company, having applied to the Railroad Commission for permission to issue and sell \$3,500,000.00 of common and \$2,000,000.00 of Series "C" five and one half 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 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 to its employees at not less than \$30.00 a share, 140,000 shares of its common capital stock of the aggregate par value of \$3,500,000.00.

IT IS HEREBY FURTHER ORDERED that Southern California Edison Company be, and it hereby is, authorized to issue and sell on or before December 31, 1929 at not less than \$24.50 a share, 80,000 of its Series "C" five and one half percent preferred stock of the aggregate par value of \$2,000,000.00.

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 such 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 said stock, with the proceeds received or to be received from the sale of stock heretofore authorized to be issued and sold,

and to use such consolidated proceeds to finance in part the cost of the extensions, betterments and additions to its properties reported in its 1928 annual budget, a copy of which heretofore has 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 systems of accounts prescribed or adopted by this Commission may be financed with such proceeds.

IT IS HEREBY FURTHER ORDERED that Southern California Edison Company 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.

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

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

Leon A. White

C. Seaver

W. J. ...

W. J. ...

Commissioners.