

IBM

Decision No. 29868.

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 \$2,000,000.00 face value of)
its refunding mortgage gold bonds,)
series of 5's, due 1952.)

ORIGINAL

Application No. 15452

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

BY THE COMMISSION:

OPINION

In this application Southern California Edison Company asks permission to issue and sell, at not less than 97.5 percent of their face value, \$2,000,000.00 of its refunding mortgage gold bonds, series of 5's, due 1952, for the purpose of reimbursing its treasury in part because of the redemption on August 1, 1928, of \$10,225,000.00 of its general and refunding mortgage five and one half percent bonds.

As of December 31, 1928, applicant reports \$169,639,447.00 of stock outstanding and subscribed, \$124,213,700.00 of bonds, \$8,000,000.00 of short term notes and \$10,011,330.52 of other liabilities. Its reserves for depreciation are reported at \$17,592,461.67 and its corporate surplus at \$6,191,272.42. The

outstanding bonds include the following;-

Southern California Edison Company bonds;-

General mortgage 5's, due 1939	\$13,360,000.
General & refunding mortgage 5's due 1944	10,000,000.
Refunding mortgage 5's, due 1951	55,000,000.
Refunding mortgage 5's, due 1952	30,000,000.
Sub-total.....	<u>\$108,360,000</u>

Underlying bonds;-

Pacific Light & Power Corp. 5's, due 1951	\$ 5,719,000
Pacific Light & Power Co. 5's, due 1942	5,625,000
Mentone Power Co. 5's, due 1931	37,000
Mt. Whitney Pr. & Elec. Co. 6's, due 1939	3,160,000
Santa Barbara Gas & Elec. Co., serial 5's	680,700
Ontario Power Co. 6's, due 1955	250,000
Ontario Power Co. 5.5's, due 1955	150,000
Ontario Power Co. 5's, due 1932	224,000
Edison Electric Co. 5's, due 1929	8,000
Total.....	<u>\$124,213,700</u>

The bonds applicant now proposes to issue are similar to the \$30,000,000.00 of refunding mortgage five percent bonds, due 1952, now outstanding. These bonds are part of a total authorized issue of \$250,000,000.00 secured by trust indenture dated October 1, 1923, to Harris Trust and Savings Bank and Pacific Southwest Trust and Savings Bank, trustees. The \$30,000,000.00 of bonds and the \$2,000,000.00 of bonds herein applied for are designated as "Series of 5's, due 1952" and are dated September 1, 1927, mature September 1, 1952, bear interest at the rate of five percent per annum and are callable at a premium of five percent during the first fifteen years and at a premium thereafter of one-half of one percent less for each year of the unexpired term of the bond. Applicant asks permission to sell the proposed new issue at not less than 97.5 percent of their face value plus accrued interest.

In making this application to issue additional bonds the company reports that on August 1, 1928, it retired at 105 percent of face value, \$10,225,000.00 of general and refunding mortgage 5.5 percent bonds then outstanding, obtaining the necessary funds

by incurring current liabilities and by using surplus earnings. The testimony herein shows that at least \$2,000,000.00 of the amount used in retiring the bonds was obtained from applicant's income, and accordingly, it asks permission to use the proceeds from the sale of the bonds applied for in this application to reimburse its treasury because of such expenditure. It appears that after such reimbursement applicant proposes to use such proceeds to finance in part its 1929 construction expenditures. The expenditures are set forth in some detail in Application Nos. 15351 and 15451 heretofore filed with the Commission.

The record herein shows that applicant is carrying on its books the balance of the discount and expense on the \$10,225,000.00 of bonds redeemed on August 1, 1928, that remained unamortized on that date. The company asks permission to amortize \$89,559.87 representing the remaining discount and expense on \$2,000,000.00 of such bonds over the life of the new bonds now proposed to be issued.

ORDER

Southern California Edison Company having applied to the Railroad Commission for permission to issue and sell bonds, 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 through such issue is reasonably required for the purposes specified herein, which 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, at not less than 97.5 percent of face value plus accrued interest, on or before September 30, 1929, \$2,000,000.00 of its refunding mortgage gold

bonds, series of 5's, due 1952, and to use the proceeds, other than accrued interest, to reimburse its treasury because of surplus earnings used to retire the \$10,225,000.00 of general and refunding mortgage bonds on August 1, 1928, and thereafter to finance in part its 1929 construction expenditures. The accrued interest may be used for general corporate purposes.

IT IS HEREBY FURTHER ORDERED that Southern California Edison Company may amortize by charges to its income or surplus accounts, on or before September 1, 1952, the sum of \$39,559.87 representing the balance of the unamortized discount and expense on \$2,000,000.00 of the general and refunding mortgage bonds which were retired on August 1, 1928.

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

1. Applicant shall keep such record of the issue 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.
2. 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 \$1,500.00.

DATED at San Francisco, California, this 16th day of March, 1929.



David D. Smith
Clarence
Edward
Leon Whitely
M. H. Carr

Commissioners.