

LBM

Decision No. 21986.

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 283,000 shares of its common  
stock of the total par value of  
\$7,075,000.00.

Application No. 16187

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

BY THE COMMISSION:

O P I N I O N

In the above entitled application Southern California Edison Company has applied to the Railroad Commission for an order authorizing it to issue and sell 283,000 shares of its common capital stock of the aggregate par value of \$7,075,000.00 and to consolidate the proceeds to be received through the issue and sale of such stock with the proceeds from the sale of stock heretofore authorized to be issued and sold, and to use such consolidated proceeds for the purposes hereinafter set forth.

Southern California Edison Company has an authorized capital stock of \$250,000,000 divided into 10,000,000 shares of the par value of \$25.00 each. As of November 30, 1929, it reports its authorized and outstanding and subscribed capital stock as

follows:-

CLASS OF STOCK	AUTHORIZED	OUTSTANDING
Original preferred . . . . .	\$ 4,000,000.00	\$ 4,000,000.00
Preferred-Series "A" 7 percent	30,000,000.00	26,073,450.00
Preferred-Series "B" 6 percent	50,000,000.00	48,495,200.00
Preferred-Series "C" 5 percent	45,000,000.00	29,103,875.00
Preferred-Series "D" 5 percent	21,000,000.00	--
Common . . . . .	100,000,000.00	62,197,847.00
Subscribed preferred . . . . .	-	3,626,650.00
Subscribed common . . . . .	-	4,903,850.00
<b>TOTAL.....</b>	<b>\$ 250,000,000.00</b>	<b>\$ 178,400,872.00</b>

In addition, the company reports that \$10,836,628.00 of its common stock is held by Pacific Light and Power Corporation and controlled by applicant through its ownership of the stock of Pacific Light and Power Corporation. It further reports that as of November 30, 1929 it had outstanding bonded indebtedness of \$139,471,200.00; current and accrued liabilities of \$9,878,315.58; reserves of \$16,875,279.87; and unappropriated surplus of \$14,126,295.44.

The company reports in the present application that it has expended for new construction, as of December 31, 1929, the sum of \$8,357,798.30 which has not been reimbursed from proceeds received from the sale of securities, and it estimates its capital expenditures for the year 1930 at \$23,601,058.00. The latter amount is shown in detail in the company's 1930 budget filed in this proceeding as Exhibit "G". It is summarized by the company as follows;-

Big Creek construction . . . . .	\$ 111,000.00
Steam plant construction . . . . .	2,050,000.00
General office building . . . . .	3,575,000.00
General engineering and research	54,000.00
Miscellaneous system betterments	17,791,093.00
Subsidiary companies. . . . .	<u>19,965.00</u>
<b>Total.....</b>	<b><u>\$23,601,058.00</u></b>

The company's actual expenditures for which it has not been reimbursed through the issue of securities and its estimated 1930 construction expenditures aggregate \$31,958,856.30.

It appears that applicant has been selling its stock under installment payment contracts. In exhibits attached to the present application, it reports that there are unpaid balances on account of such contracts, as of November 30, 1929, amounting to \$7,068,427.04 and that under former orders of the Commission there is stock unsold amounting in the aggregate to \$5,590,075.00. It is the company's intention, if authorized by the Commission, to use the proceeds to be received from the sale of the \$7,075,000.00 of stock herein applied for, together with the proceeds it will receive from the stock heretofore authorized, to finance in part the expenditures of \$31,958,856.30. Because of the margin of the estimated expenditures, it does not appear to us necessary at this time to make a complete examination of all the items set forth in the company's Exhibit "G". Sufficient examination has been made to lead us to believe that the issue of the additional \$7,075,000.00 of stock is justified.

The company proposes to offer the additional stock now to be issued to its common and/or original preferred stockholders, or their assigns, at par, and to use an amount not exceeding twenty-five cents per share to pay the costs of selling the stock. It might be added that the company is paying dividends on its common stock at the rate of \$2.00 per share. While the order herein will authorize it to issue the stock at not less than par, it should be understood that if the Commission in the future is called upon to fix applicant's rates, it will not regard the dividends paid on the common stock issued by applicant at par when the market price of such stock is above par, as representing the cost of money obtained through such issue.

O R D E R

Southern California Edison Company having applied to the Railroad Commission for permission to issue and sell \$7,075,000. of common capital 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, 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 for cash, at not less than par, on or before December 31, 1930, \$7,075,000.00 of its common capital stock, provided that such stock be sold only to its present stockholders or to their assigns.

IT IS HEREBY FURTHER ORDERED that Southern California Edison Company be, and it hereby is, authorized to consolidate the proceeds to be received from the issue and sale of said \$7,075,000.00 of common stock with the proceeds from the sale of the stock heretofore authorized to be issued; and to use of said consolidated proceeds an amount equivalent to not exceeding twenty-five cents per share of the stock sold to pay the cost of selling said stock, and to use the remainder of said consolidated proceeds to reimburse its treasury on account of income expended to pay the cost of the additions and betterments, referred to in Exhibits "I" and "J" attached to the application herein, and to finance in part the estimated expenditures set forth in Exhibit "G", provided that only such cost of the additions and betterments as is properly chargeable to fixed capital accounts under the uniform system of accounts prescribed or adopted by the Commission may be paid through the issue of said consolidated proceeds.

IT IS HEREBY FURTHER ORDERED that the authority herein granted will become effective upon the date hereof, and that applicant keep such record of the issue and sale 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 6th day of January, 1930.

Thos D. Lott

C. L. Sawyer

Edmund D. St. John

Leon C. Kell

W. J. Cunn

Commissioners.