

Decision No. 23658.

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of
SOUTHERN CALIFORNIA EDISON COMPANY, LTD.,
a corporation, for authority to issue
and sell 312,000 shares of its common
stock, of the total par value of
\$7,800,000.00.

ORIGINAL

Application No. 17130

BY THE COMMISSION:

FIRST SUPPLEMENTAL ORDER

In the original petition filed in the above entitled matter on January 14, 1931, Southern California Edison Company, Ltd. applied to the Railroad Commission for authority to issue and sell at par \$7,800,000.00 of its common capital stock and to consolidate the proceeds to be received through the issue and sale of such stock, with the proceeds from the stock authorized to be issued by prior decisions and to use such proceeds in part to finance its 1931 construction costs, which it estimated would approximate \$25,200,000.00 segregated as follows:

Fuel oil gas pipe line	\$6,000,000.00
Hydro and steam power development	2,620,000.00
Completion of Edison Building.....	1,295,864.00
System betterments	15,270,056.00
Subsidiary companies	<u>14,080.00</u>
TOTAL.....	<u>\$25,200,000.00</u>

The order of the Commission in its Decision No. 23311 dated January 19, 1931, authorized applicant to issue and sell said \$7,800,000.00 of stock and use the proceeds to pay in part its 1931

construction cost, except that no proceeds were to be used to finance the cost of the fuel oil gas pipe line and the hydro and steam power development, for the reason that insufficient showing had been made justifying the use of stock proceeds to meet such expenditures.

In a supplemental petition filed in the above entitled matter on March 10, 1931, the company reports that its executive committee has authorized the construction of Unit No. 12 to its steam plant at Long Beach, which unit it is estimated will cost approximately \$7,000,000.00. At the hearing had before Examiner Fankhauser on April 10th, Mr. E. A. Barre, Chief Engineer for applicant, testified that while no detailed estimates of the cost of Unit No. 12 had been prepared, the estimate submitted was made by comparison with the actual cost of Units No. 10 and No. 11. The characteristics of the equipment which will be installed in Unit No. 12 are the same as those of Units No. 10 and No. 11. Each of the three units will have a generating capacity of 100,000 Kw. The estimated cost of Unit No. 12 is less than the actual cost of Unit No. 11 for the reason, first, that some of the construction work done in connection with Unit No. 11 can be utilized in building Unit No. 12; and, second, the prices of material and labor have declined somewhat since the construction of Unit No. 11. Originally it was planned to complete Unit No. 12 during 1932. On account of the business depression, the beginning of the construction has been delayed and it is now planned to bring the unit into operation during 1933. The work, however, is so planned that, if the demand upon the company for electric energy should show an unexpected increase, the unit can be completed in 1932.

The record shows that there is a necessity for the installation of the additional unit. The company estimates that during 1931 it will expend approximately \$1,500,000.00 on the additional unit.

It therefore asks the Commission to modify its order in Decision No. 23311, so as to permit it to expend \$1,500,000.00 of the proceeds referred to in such order to finance in part the cost of its proposed new steam plant Unit No. 12.

The Commission has considered applicant's request and believes that the same should be granted. Whether the costs actually incurred by applicant in building Unit No. 12 are reasonable will be determined if and when that issue is presented in some future proceeding.

IT IS HEREBY ORDERED, that the order in Decision No. 23311 dated January 19, 1931, be, and it hereby is, modified as as to permit Southern California Edison Company, Ltd. to use \$1,500,000.00 of the consolidated proceeds referred to in that order to finance in part the cost of the construction of Unit No. 12 to its steam plant at Long Beach.

IT IS HEREBY FURTHER ORDERED, that the order in Decision No. 23311, dated January 19, 1931, shall remain in full force and effect, except as modified by this First Supplemental Order.

DATED at San Francisco, California, this 4th day of May, 1931.

C. C. Seaver
Leon White
W. A. Cunn
M. B. Harris
Fred G. Stewart
Commissioners.