

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

Decision No. 1930

ORIGINAL

In the matter of the application of Southern California Edison Company, a corporation, for an order of the Railroad Commission of the State of California, authorizing it to issue, sell and deliver to the amount of \$784,000 its bonds bearing interest at the rate of 5% per annum, due November 1, 1939, which bonds are to be issued under and secured by trust indenture dated November 1, 1909, executed by said Southern California Edison Company to Harris Trust and Savings Bank and Los Angeles Trust and Savings Bank, Trustees.

Application No. 1405

H. E. Trowbridge for applicant

EDGERTON, Commissioner.

O P I N I O N

This is an application by Southern California Edison Company for an order authorizing the issue of \$784,000 face value of its 5 per cent bonds. Of these applicant asks authority to issue immediately \$266,000 to be sold at not less than 86 per cent of face value with accrued interest, the proceeds therefrom to be applied toward paying off certain specified obligations represented by promissory notes amounting to \$250,000. The remaining \$518,000 face value of bonds applicant asks for authority to issue, but upon condition that the Commission hereafter fix, by supplemental order, the price at which they are to be sold, and also designate specifically the purposes for which the proceeds thereof are to be used.

The financial condition of applicant has been extensively reviewed in Application No. 350, and the decision therein, No. 423.

The evidence shows that applicant has expended for betterments, additions, etc., \$1,045,751.98, which has not been capitalized. Of this amount \$250,000 is represented by the promissory

notes, to the payment of which, the proceeds of the sale of \$266,000 of these bonds are to be applied, and later, upon further order of the Commission, the proceeds from the sale of the \$518,000 of bonds are to be applied toward the reimbursing of the treasury for the expenditures made for these betterments and additions.

I am satisfied that the financial condition of applicant warrants the granting of this application. It is obvious that applicant is able to meet the interest and sinking fund obligations of its indebtedness, and it is also clear from the evidence that the capital investment has been made as set out in the application and that an issuance of bonds against this investment is proper.

While it seems unfortunate that the bonds of this company should be sold to net as little as 86 per cent of face value, I am satisfied that under present financial conditions it will be necessary for applicant to dispose of these bonds at a figure approximating this amount.

I recommend that the application be granted, and submit herewith the following form of order:

O R D E R

Application having been made by Southern California Edison Company for an order authorizing the issue of \$784,000 face value of its 5 per cent bonds, and a public hearing having been had and it appearing to the Commission that the money to be derived from the issuance of said bonds is reasonably required by applicant for the purpose of retiring its obligations, and that such proceeds are not reasonably chargeable, in whole or in part, to operating expenses or to income,

IT IS HEREBY ORDERED by the Railroad Commission of the State of California that Southern California Edison Company is hereby authorized to issue \$784,000 face value of its 5 per cent bonds due November 1, 1939, to be issued under that certain trust indenture dated November 1, 1909, executed by Southern California

Edison Company to Harris Trust and Savings Bank and Los Angeles Trust and Savings Bank, trustees. Said bonds to be issued under the following conditions, not otherwise:

1. \$266,000 face value of said bonds may be issued at once, provided that applicant receives therefor not less than 86 per cent of the face value thereof plus accrued interest at the time of delivery. Said bonds to be numbered 17873 to 18138, both numbers inclusive.

2. The proceeds from the sale of said bonds shall be applied on the payment of the following promissory notes:

<u>Dated</u>	<u>Favor of</u>	<u>Amount</u>	<u>Due</u>
Mar. 31, 1914	Ourselves	\$100,000	Sept 30 1914
Aug. 15, 1914	U. S. Steel Products Co.	10,000	Oct 25 1914
Aug. 14, 1914	First Nat'l Bank of Pomona	20,000	Nov 14 1914
Aug. 15, 1914	U. S. Steel Products Co.	10,000	Nov. 25 1914
Aug. 10, 1914	Westinghouse Elec. & Mfg. Co.	10,000	Nov. 10, 1914
Apr. 15, 1914	Ourselves	100,000	
		<u>\$250,000</u>	

3. The remaining \$518,000 face value of said bonds, being numbers 18139 to 18656, both numbers inclusive, shall not be issued nor disposed of until the further order of this Commission, which order shall specify the minimum price at which said bonds may be sold and the specific application of the proceeds derived therefrom. Generally the proceeds from the sale of said bonds shall be used for the purpose of reimbursing the treasury of applicant for expenditures made in additions and betterments to the plant of applicant, which additions and betterments are set out in detail in an exhibit filed with the application herein, which exhibit is designated "Southern California Edison Company Statement Construction Expenditures January 1, to September 30, 1914".

4. Said company shall keep separate, true and accurate accounts showing the receipt and application in detail

of the proceeds from the sale of the bonds herein authorized to be issued, and on or before the 25th day of each month the company shall make verified reports to the Commission, stating the sale or sales of bonds during the preceding month, the terms and conditions of such sale, the moneys derived therefrom and the use and application of such moneys, all as provided in this Commission's General Order No. 24.

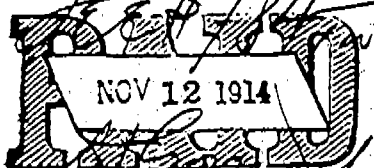
5. This order shall not become effective until the fee prescribed in section 57 of the Public Utilities Act, as amended, has been paid.

6. The authority hereby given to issue bonds shall apply only to bonds issued prior to May 15, 1915.

The foregoing opinion and order are hereby approved and ordered filed as the opinion and order of the Railroad Commission of the State of California.

Dated at San Francisco, California, this 10<sup>th</sup> day of November, 1914.

Railroad Commission State of California



BY *J. Matthews*  
Assistant Secretary.

*H. D. Loveland*

*Wm. Gordon*

*Edwin O. Edgerton*

Commissioners.