

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA.

In the matter of the application of Southern California Edison Company, a corporation, for an order authorizing it to issue, sell and deliver to the amount of \$2,500,000 its bonds bearing interest at the rate of 5 per cent 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. 350.

H. E. Trowbridge for applicant.

EDGERTON, COMMISSIONER.

OPINION

This is an application by Southern California Edison Company for an order authorizing the issue of \$2,500,000 face value of bonds, bearing interest at the rate of 5 per cent per annum, due November 1, 1939.

Applicant is now, and for a number of years past, has been engaged in the business of generating, transmitting and selling electricity and gas for light, heat and power in the Counties of Kern, Los Angeles, Orange, Riverside and San Bernardino, and it also owns and operates gas generating and distributing systems in the Cities of Pomona and Venice and in a portion of the City of Los Angeles.

The condition of the capitalization of applicant is as follows:

	Capital Stock:	
	Authorized	Issued
Common	\$26,000,000	\$8,400,000
Preferred	<u>4,000,000</u>	<u>4,000,000</u>
TOTAL	\$30,000,000	\$12,400,000

	Authorized	Outstanding
Bonds	\$30,000,000	\$10,043,000
Underlying bonds		<u>3,928,000</u>
TOTAL	\$30,000,000	\$13,971,000

Other indebtedness of Applicant:-

Five year gold notes	\$ 332,000.00
Notes payable	1,071,045.84
Accounts payable	286,665.37
Sundry deposits	88,203.81
Accrued interest	<u>255,555.43</u>
TOTAL	\$ 2,033,470.45

The gross earnings of applicant for the year ending November 30, 1912, are \$4,193,006.72 and the total net earnings for said period are \$2,058,871.39. Deducting bond interest and other interest of \$681,404.65 leaves a balance of \$1,377,466.74. Deducting the dividends paid on preferred and common stock of 5 per cent, amounting to \$620,000, leaves a net balance of \$757,466.74.

Applicant claims total assets of \$29,696,118.36 and of this a physical valuation, eliminating intangibles and other items, of approximately \$20,000,000, as security for the payment of its bonded and other obligations.

After an investigation made by the experts of the Commission, I am convinced that there is a reasonable margin of physical values of property over and above the \$13,971,000 face value of bonds already outstanding, plus the \$2,500,000 of bonds herein asked to be authorized, and in addition the other obligations of applicant amounting to \$2,033,470.45, or a total of outstanding obligations, which will exist if this application be granted, of \$18,504,470.45.

The earnings as shown by applicant give every indication of a prosperous condition, and as it operates through rapidly developing territory, it can be expected that its earnings will

increase. Hence, there is every assurance that the earnings will provide ample resources from which to pay interest on the bonded and other indebtedness, as herein shown.

We are asked to permit the sale of these bonds at not less than 92 per cent of their face value. With the proceeds thereof, it is proposed to make additions and betterments to the plant of applicant, as set out in detail in the exhibits filed with the application, and as these improvements are all by way of additions to the physical plant they are proper subjects of capitalization.

Applicant requested that it be reimbursed out of the proceeds of the sale of these bonds, or a part thereof, for expenditures made out of income for real estate within the past year, which real estate was, and is used, as part of its plant, in the sum of \$51,383.27. This sum is proper to be paid from the proceeds of bonds, as it represents an item properly chargeable to capital account, and therefore, this sum may properly be taken from the proceeds of the sale of these bonds.

Attention is called to the fact that, under the trust deed upon which these bonds are to be issued, applicant may only issue 75 per cent in face of bonds for the amount spent in additions and betterments. Therefore, it is apparent that there must be produced in property by applicant a considerable margin over the amount of bonds issued.

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

O R D E R

Application having been made to the Railroad Commission of the State of California by Southern California Edison Company for an order authorizing the issue by said company, of \$2,500,000 face value of its bonds, bearing interest at the rate of 5 per cent

per annum, due November 1, 1939.

And a hearing having been duly held and it appearing to the Commission that the money to be secured by the issue of said bonds is necessary and reasonably required by said company for the discharge of its obligations, and for the acquisition of property and the construction, completion, extension and improvement of its facilities, and that the purposes for which the proceeds of the sale of said bonds are to be used are not in whole, or in part, reasonably chargeable to operating expenses or to income.

IT IS HEREBY ORDERED that the Railroad Commission of the State of California does hereby authorize the issue by Southern California Edison Company of \$2,500,000 face value of its bonds bearing interest at the rate of 5 per cent per annum, due November 1, 1939, or so much thereof as may be necessary for the purposes set out herein.

Said bonds to be numbered 15373 to 17872, both inclusive, and to be issued under and in pursuance of the terms of a 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, a copy of which said trust indenture is on file herein, upon the following conditions, not otherwise:

1. Southern California Edison Company shall sell the bonds hereby authorized so as to net said company not less than 92 per cent of the face value thereof, plus accrued interest at the date of their delivery to the purchaser.

2. The proceeds from the sale of said bonds shall be used for the following purposes only:

- (a) For the acquisition and installation of betterments and additions to the plant and facilities of applicant, as shown in detail in Exhibit B, described as follows:

EXHIBIT "B"

SOUTHERN CALIFORNIA EDISON COMPANY
ESTIMATED EXPENDITURES FOR YEAR 1912

GENERATING STATIONS:

Long Beach Steam Plant:

Construction of additional turbin at Long Beach Steam Plant of 20,000 KW Capacity, to be known as "Unit No. 3"		
Turbine 25,000 K.V.A. (20,000 KW @ 80% P.F.)	\$240,000.00	
Transformers	48,000.00	
Condenser	60,000.00	
Electrical Equipment	40,000.00	
Boilers, Breeching, etc.	180,000.00	
Auxiliaries	40,000.00	
Piping	55,000.00	
Instruments	7,000.00	
Four Oil Storage Tanks-Two Auxiliary Oil Tanks	40,000.00	
Two Stacks	16,000.00	
110 Ton Crane	16,000.00	
Piling	12,000.00	
Foundation	38,000.00	
Extension to Generator Room, Boiler Room & Transmission House	130,000.00	
Steel Work for Roofs	22,000.00	
Conduits for circulating water	30,000.00	
Well	10,000.00	
Protection structure at end of discharge conduits	50,000.00	
Gate at Tunnel Entrance	800.00	
Water Tower	20,000.00	
Engineering, etc.	50,000.00	
Total "Unit No. 3"		\$1,104,800.00

Completion of Construction of "Unit No. 2"
now in course of construction:

	Estimated	Expended to Nov. 30, 1912	Balance
Boilers and Breeching	\$ 119,185.00	\$ 31,471.54	\$ 87,713.46
Mechanical Equipment	283,177.00	31,699.80	251,477.20
Electrical Equipment	26,000.00	12,474.00	13,526.00
Steam & Oil Piping	52,500.00	8,541.13	43,958.87
Oil Tanks	16,500.00	143.31	16,356.69
Meters & Other Instruments	3,300.00	3,472.15	172.15
	<u>500,662.00</u>	<u>87,801.93</u>	<u>412,860.07</u>
Estimated Expenditures Dec. 1912			65,860.07
Total Balance to complete "Unit No. 2"			347,000.00

Reinforcements & Betterments to "Unit No. 1"	1,700.00
Construction of Store House at Long Beach Steam Station	5,000.00
Total Long Beach Steam Plant	1,458,500.00

Los Angeles No. 3 Station

Construction of electrical equipment and lightning arresters for 60,000 volt lines	6,435.00
Reinforcements and betterments to 2200 volt distribution equipment	10,000.00
Reinforcements and betterments to buildings, transformer equipment, accessory and auxiliary equipment at Los Angeles #3 Station	10,350.00
Total Los Angeles No. 3 station	26,785.00

Water Power Plants

Reinforcements and betterments to the following plants:

Kern River No. 1	400.00
Santa Ana River No. 1,	500.00
" " " " 2,	8,490.00
Mill Creek No. 1.	<u>575.00</u>

Total Water Power Plants

9,965.00

TOTAL GENERATING STATIONS

\$1,495,250.00

TRANSMISSION LINES:

Construction of 30,000 volt Transmission line from Redondo Junction to Inglewood 31,500.00

Construction of new 15,000 Volt Transmission Line from McNeil to Pasadena 25,000.00

Right-of-way - McNeil to Sherman 10,000.00

Additions, reinforcements & betterments to Kern River Transmission Line, including installation of suspension type insulators, reinforcing curves and corners, installation of cable crossing at Piru Creek, new barn at Tojon, etc. 10,200.00

Construction of new pole line from Shorb to Pasadena 11,375.00

Construction 30,000 volt single circuit line from Canon - Colton Line to Highlands Sub-Station, additional circuit on Mill Creek No. 1 Line and reinforcements and additions to Pole Line from Junction with tower line at Anaheim Road to San Pedro Junction 14,500.00

Construction of new line from north of Santa Ana Canon to and connecting with S.A.R. #1 and S.A.R. #2 Power House 18,400.00

Additional Telephone Circuits

Los Angeles #3- Long Beach via Inglewood	5,000.00
Inglewood - Ocean Park	2,500.00
Puente - Katella	4,000.00

Changing all present circuits to cross arms to comply with State Law 1,000.00

Equipment for patrolmen 5,000.00

12,500.00
5,000.00

\$ 138,475.00

TOTAL TRANSMISSION LINES

SUB-STATIONS:

Construction of new Sub-Station in Highlands, including Real Estate, Buildings and equipment 16,500.00

Additions to equipment of Chino Sub-Station 16,800.00

Construction of new Sub-Station at Puente, including buildings and equipment 54,380.00

Additions to equipment of Katella Sub-Station including extension of building 20,100.00

Construction of new Sub-Station at Torrance including buildings and equipment 25,000.00

Construction of new Sub-Station at Slanson including building and equipment		56,500.00	
Construction of new Sub-Station at Monrovia including real estate buildings and equipment		3,400.00	
Construction of new Sub-Station at Whittier including buildings and equipment		22,500.00	
Sub-Station equipment at Los Angeles in basement of leased building		47,550.00	
Purchase of Real Estate to be used for Sub-Station as follows:			
Pomona	2,500.00		
Sherman	2,500.00		
Lomanda Park	1,000.00		
Altadena	1,000.00		
Inglewood	<u>3,000.00</u>	10,000.00	
Additions, reinforcements and betterments to present Sub-Stations as follows:			
Redlands	12,000.00		
Colton	1,250.00		
Fullerton	4,000.00		
Pomona	8,250.00		
Santa Ana	5,150.00		
Long Beach	11,200.00		
Moneta	3,300.00		
Redondo	9,575.00		
Inglewood	14,070.00		
Ocean Park	6,560.00		
MacNeil	5,120.00		
San Fernando	3,350.00		
Castaic	4,460.00		
Toljon	4,070.00		
San Pedro Street (Los Angeles #5)	12,350.00		
University (Los Angeles #4)	1,890.00		
Vineyard	3,860.00		
Portable Sub for L. A. District	1,600.00		
Los Angeles No. 1.	5,350.00		
" " No. 2.	14,850.00		
Pasadena	1,000.00		
Sierra Madre	600.00		
Orange	1,500.00		
Wilmington	<u>1,500.00</u>	136,955.00	
Purchase of Reserve Stock, Regulators and transformers for emergencies		<u>40,000.00</u>	

TOTAL SUB-STATIONS

449,585.00

DISTRIBUTING SYSTEMS: (Electric)

Additions, reinforcements and betterments to present Overhead Distributing Systems including Poles and Mixtures, Distributing Systems, Transformers and Devices, to take care of increased load, improve service and comply with State Law requirements, as follows:

Los Angeles	72,780.00	
Pasadena	25,500.00	
Monrovia	17,000.00	
Pomona	25,400.00	
Redlands	52,900.00	
Whittier	13,600.00	
Long Beach	9,500.00	
San Pedro	12,500.00	
Redondo	16,700.00	
Santa Monica & Venice	16,000.00	
Santa Ana	29,400.00	
Van Nuys & Van Nuys	14,500.00	305,780.00

Los Angeles Underground System

Additions, reinforcements and betterments to present Underground Distributing Systems, including Conduit System, Distributing System, Transformers and Devices to take care of increased load, improve service etc.		50,515.00
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DISTRIBUTING SYSTEMS: (Gas)

Reinforcements and betterments to present distributing systems, including installation of governors and regulators :		
San Pedro	6,500.00	
Pomona	5,800.00	
Santa Monica & Venice	6,500.00	18,800.00

Construction of new distribution Main from Pomona to Chino		14,000.00
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GAS AND ELECTRIC

New Construction arising out of development of business and additions of new consumers, including extensions of Distribution Systems, new services, motors, etc, both gas and electric departments		600,000.00
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TOTAL DISTRIBUTING SYSTEMS 989,095.00

GAS PLANTS:

Additions and betterments to present Gas Plant at San Pedro		1,000.00
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Additions, reinforcements and betterments to Pomona Gas Plant, including purchase of Real Estate, miscellaneous equipment and building for shop		20,700.00
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Additions, reinforcements and betterments to Santa Monica Gas Plant, including building, generator, scrubbers, etc.		35,500.00
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TOTAL GAS PLANTS 57,200.00

GENERAL:

Construction of additions to general office building in City of Los Angeles		100,000.00
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Purchase of additional stable equipment
as the need may develop 40,000.00

Construction of new warehouses and additions
to present warehouses, as follows:

Pomona	800.00	
San Pedro	2,000.00	
Whittier	<u>6,000.00</u>	8,800.00

Additional equipment for Test Dept. & Shops 6,300.00

Estimated amount of construction expenditures
covering month of December 1912 for additions
and betterments; being balance of 1912
construction account over and above the
amount of such expenditures, for which
bonds have been heretofore certified and
issued: Exclusive of Long Beach Steam
Plant Unit #2 and all Real Estate 165,000.00

(b) For reimbursing the treasury of applicant for money
expended within the past five years.

Real Estate purchased during period
May 1st, 1911 to November 30th, 1912,
for which bonds have not been heretofore
certified and issued:

May	1911	181.34	
July	1911	4,215.00	
August	1911	1,309.10	
September	1911	71.70	
October	1911	2,427.00	
November	1911	700.00	
December	1911	5,286.80	
January	1912	4,162.85	
February	1912	3,159.10	
March	1912	418.50	
April	1912	15.00	
May	1912	619.50	
June	1912	2,692.43	
July	1912	4,081.50	
August	1912	524.95	
October	1912	2,507.00	
November	1912	<u>19,021.50</u>	<u>51,383.27</u>

GRAND TOTAL \$3,501,088.27

Deduct for amount chargeable to
renewals and maintenance 150,000.00

GRAND TOTAL \$3,351,088.27

3. Said company shall keep separate, true and accurate accounts showing the receipt and application in detail of the proceeds of the sale of said bonds hereby authorized to be issued, and on or before the 25th day of each month the company shall make a verified report to the Commission, in accordance with the Commission's General Order No. 24, stating the sale or disposition of such bonds during the preceding month, the terms and conditions of such sale or other disposition, the moneys realized therefrom and the use and application of such moneys.

4. The authority hereby given to issue such bonds shall apply only to such bonds issued by said company on or before the 30th day of January, 1914.

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 27th day of January, 1913.

Railroad Commission State of California

Fee \$ 1750.00
JAN 28 1913
BY *H. M. Johnson*
Assistant Secretary.

H. M. Johnson
Max Thelen
Edwin O. Edgerton

Commissioners.