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Decision No. 8589

ORIGINAL

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) Application No. 6425.
 and sell bonds in the amount of)
 \$10,000,000.00. face value.)

Roy V. Reppy and Geo. E. Trowbridge for applicant.

LOVELAND, Commissioner.

O P I N I O N.

SOUTHERN CALIFORNIA EDISON COMPANY in its original application asks permission to issue and sell \$10,000,000.00 face value of its general and refunding mortgage 6 per cent 25-year gold bonds of the "Series of 1919". This application was heard by former Commissioner Edgerton on December 29th. In a supplemental application, filed January 12th, and heard by Commissioner Loveland, the company asks permission to use \$3,000,000.00 of the bonds as collateral to secure the payment of notes.

In Exhibits "3" and "4" applicant reports that up to November 30, 1920, it expended for additions and betterments the sum of \$8,099,260.69, against which no bonds or stock have been issued. The engineering department of the Commission has checked these expenditures and finds them to be reasonable. The testimony shows that applicant estimates its expenditures for hydroelectric development during 1921 at \$8,000,000.00 and its expenditures for general additions and betterments to take care of the ordinary increase in applicant's business at from \$4,000,000.00 to \$6,000,000.00. To perma-

nently finance properties already constructed and to carry forward its construction program during 1921, applicant will have to raise approximately \$20,000,000.00.

The record shows that \$1,000,000.00 of debentures issued by applicant, and \$250,000.00 of Shaver Lake Lumber Company bonds guaranteed by applicant become due January 15th. In addition, the company's notes payable are reported at \$7,417,000.00 and accounts payable at about \$1,750,000.00. The floating indebtedness has been incurred largely on account of the construction and acquisition of hydroelectric properties and other additions and betterments.

Applicant has entered into no definite agreement for the sale of its bonds and it is, therefore, not in a position at this time to advise the Commission as to the price at which its bonds may be sold. It is expected that some of the bonds, \$5,000,000.00, will be sold within the near future. Pending such sale, applicant in order to meet maturing obligations, asks permission to pledge \$3,000,000.00 of bonds to secure the payment of \$2,000,000.00 of notes issued for a term of 30 days or less. The notes will be paid and the bonds released as soon as applicant can sell part or all of the bonds covered in this application.

I herewith submit the following form of Order.

O R D E R.

SOUTHERN CALIFORNIA EDISON COMPANY having applied to the Railroad Commission for permission to issue \$10,000,000.00 face value of its general and refunding mortgage 6 per cent 25-year gold bonds of the "Series of 1919", public hearings having been held and the Railroad Commission being of the opinion that the money, property or labor to be procured or paid for by such issue is reasonably required for the purpose or purposes specified in this order, or in such

supplemental orders as may be issued from time to time, and that the expenditures for such purpose or purposes are not in whole or in part reasonably chargeable to operating expenses or to income;

IT IS HEREBY ORDERED, that SOUTHERN CALIFORNIA EDISON COMPANY be, and it is hereby, authorized to issue \$10,000,000.00 face value of its general and refunding mortgage 6 per cent 25-year gold bonds of the "Series of 1919".

The authority herein granted is subject to the following conditions:

- 1.--None of the bonds herein authorized shall be sold by applicant except upon such terms and conditions as the Commission may hereafter authorize.
- 2.--Of the bonds herein authorized, not exceeding \$3,000,000.00 face value may be used as collateral security for the payment of short time loans, the collateral in each case to be at the ratio of \$3.00 face value of bonds for each \$2.00 borrowed. As the loans are paid, a proper proportion of the bonds shall be returned to applicant and thereafter not disposed of in any manner whatsoever, except as authorized by the Railroad Commission.
- 3.--The moneys realized from the use of the \$3,000,000.00 of bonds as collateral shall be used by applicant to finance in part its construction expenditures reported in its Exhibits "3" and "4", and after such financing may be used to pay maturing obligations referred to in this application.
- 4.--Southern California Edison Company shall keep such record of the issue, disposition and sale of the bonds herein authorized and of the use of the proceeds

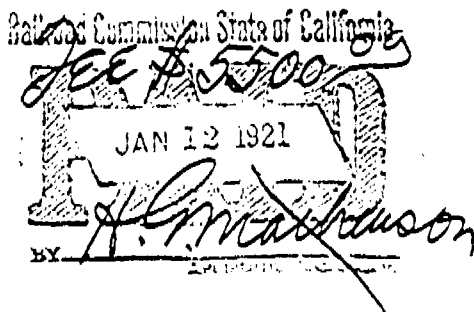
as will enable it to file on or before the 25th day of each month a verified report as required by the Railroad Commission's General Order No. 24, which order, in so far as applicable, is made a part of this Order.

5.--The authority herein granted will not become effective until applicant has paid the fee prescribed in the Public Utilities Act.

6.--The authority herein granted will apply only to such bonds as may be issued, hypothecated or sold, on or before November 15, 1921.

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 12th day of January, 1921.



W. A. Loveland
Frank H. Williams
H. B. Brundage

Commissioners.