

Decision No. 27856

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 \$73,000,000.00 face value of)
its refunding mortgage gold bonds,)
Series of 3-3/4's, due 1960.)

Application No. 19886

ORIGINAL

Roy V. Reppy, B. F. Woodard and Gail C. Larkin,
for applicant.

BY THE COMMISSION:

O P I N I O N

Southern California Edison Company, Ltd. asks permission to issue and sell at not less than 96% of their face value, \$73,000,000. of its refunding mortgage gold bonds, Series of 3-3/4's, due 1960, and use the proceeds to redeem outstanding bonds and to reimburse its treasury because of income expended for capital purposes.

The company reports that as of January 31, 1935 it had outstanding \$138,010,000.00 of bonds consisting of the following:-

Southern California Edison Company, Ltd. refunding mortgage 5's, due 1951.....	\$55,000,000.00
Southern California Edison Company, Ltd. refunding mortgage 5's, due 1952	32,000,000.00
Southern California Edison Company, Ltd. refunding mortgage 5's, due 1954.....	29,300,000.00
Southern California Edison Company, Ltd. refunding mortgage 4½'s, due 1955.....	3,600,000.00
Southern California Edison Company, Ltd. general mortgage 5's, due 1939.....	13,360,000.00
Pacific Light & Power Company first mortgage 5's, due 1942	<u>4,750,000.00</u>
Total.....	<u>\$ 138,010,000.00</u>

The company proposes to redeem on July 1, 1935 its general mortgage 5% bonds due in 1939 and its refunding mortgage 5% bonds due in 1951, the two issues aggregating \$68,360,000.00. Both of these issues are redeemable on any interest payment date at par, plus accrued interest and a premium of five per cent. The redemption of the two issues requires an expenditure of \$71,772,000.00. If applicant sells the \$73,000,000.00 of bonds at 96 it will realize \$70,080,000.00. The balance necessary to redeem said bonds, namely, \$1,698,000.00 will be withdrawn from the company's general cash.

Applicant estimates that through the refunding of the two bond issues it can effect an annual saving of \$473,137.43. This annual saving is calculated upon the theory that the unamortized discount and expense applicable to the bonds redeemed and the premium that has to be paid in connection with such redemption will be amortized over the life of the new bonds.

Of the \$73,000,000.00 of bonds, \$4,640,000.00 will be issued to reimburse applicant's treasury because of income expended for the acquisition of property and the construction, completion, extension and improvements of its facilities, while \$68,360,000.00 will be certified under the refunding provisions of applicant's mortgage. Applicant reports that it has expended for capital purposes the sum of \$11,653,527.08, against which it has issued no bonds or stock.

The payment of the \$73,000,000.00 of bonds which applicant desires permission to issue will be secured by its trust indenture of October 1, 1923, usually referred to as its refunding mortgage. The new bonds will be designated as Series of 3-3/4's, due 1960. They will be dated May 1, 1935 and mature May 1, 1960. The company reserves the right to redeem the bonds on any interest payment date prior to maturity. If the bonds are redeemed prior to or during the calendar year 1940 the company must pay a premium of 7-1/2%; if after 1940 and prior to 1950, a premium of 5%; during 1951, a

premium of 2-1/2%; during 1952, a premium of 2%; during 1953, a premium of 1-1/2%; during 1954, a premium of 1%; during 1955, a premium of 1/2%; and in 1956 and thereafter the bonds are redeemable at par.

ORDER

Southern California Edison Company, Ltd., having applied to the Railroad Commission for permission to issue \$73,000,000.00 of its refunding mortgage gold bonds, Series of 3-3/4's, due May 1, 1960, and the Commission having considered applicant's request and being of the opinion that this is not a matter in which a hearing is necessary, that the money, property or labor to be procured or paid for by such issue is reasonably required by applicant for the purposes herein stated, and that the expenditures for such purposes are not in whole or in part reasonably chargeable to operating expenses or to income, and that this application should be granted, as herein provided, therefore,

IT IS HEREBY ORDERED as follows:-

1. Southern California Edison Company, Ltd. may issue and sell on or before July 1, 1935, at not less than 96% of their face value, \$73,000,000.00 face value of refunding mortgage gold bonds, Series of 3-3/4's, due May 1, 1960, and use the proceeds realized from the sale of \$68,260,000.00 of said bonds to redeem on July 1, 1935, its outstanding general mortgage 5% bonds due November 1, 1939, and to redeem on July 1, 1935 its outstanding refunding mortgage gold bonds, Series of 5's, due July 1, 1951, and use the proceeds realized from the sale of \$4,640,000.00 of said bonds to reimburse its treasury on account of income expended for the acquisition of property and the con-

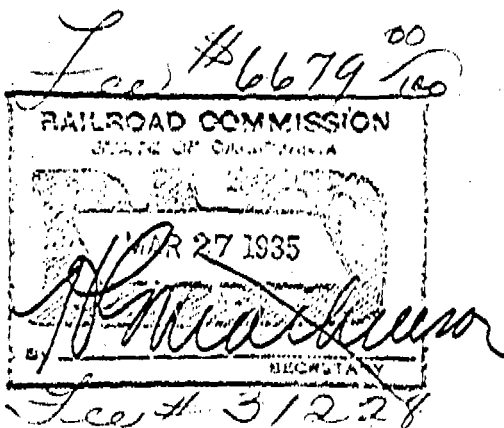
struction, completion, extension and improvement of its facilities, the cost of which is chargeable to fixed capital accounts under the system of accounts prescribed by the Commission.

2. Decision No. 11353, dated December 13, 1922, is hereby modified so as to permit Southern California Edison Company, Ltd. to amortize on or before May 1, 1960, the unamortized discount and expense applicable to the bonds which it intends to redeem on July 1, 1935, and the premium which must be paid upon their redemption.
3. The authority herein granted will become effective when applicant has paid the fee prescribed by Section 57 of the Public Utilities Act.
4. Southern California Edison Company, Ltd. shall keep such record of the issue, sale and delivery of the bonds 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.
5. If Southern California Edison Company, Ltd. issues and sells the said \$73,000,000.00 of refunding mortgage gold bonds, Series of 3-3/4's, due 1960, it shall file with the Commission within thirty (30) days after the sale of said bonds, (a) a copy of the contract between said Southern California Edison Company, Ltd. and the underwriters; and (b) a copy of the prospectus under which said bonds are being distributed by the underwriters; and (c) an executed copy of the resolution of its Board of Directors creating a new series of bonds to be known as "Refunding

Mortgage Gold Bonds, Series of 3-3/4's, Due 1960.

6. Southern California Edison Company, Ltd. may, pending the preparation and delivery of definitive bonds, execute, authenticate and deliver in lieu of said definitive bonds, temporary bonds, such temporary bonds to be issued and sold under the same terms and conditions as applicant is herein authorized to issue and sell its said refunding mortgage gold bonds, Series of 3-3/4's, due 1960.
7. Southern California Edison Company, Ltd. shall on or before September 30, 1935 file with the Railroad Commission a statement showing in detail the expenses incurred by it because of the issue and sale of said \$73,000,000. of refunding mortgage gold bonds, Series of 3-3/4's, due 1960.

DATED at San Francisco, California, this 27th day of March, 1935.



J. A. [Signature]
W. A. Carr
M. B. Harris
[Signature]
Paul [Signature]
Commissioners.

March 27, 1935

SOUTHERN CALIFORNIA EDISON COMPANY, LTD.

Application No. 19885.

Fee due on \$73,000,000. of 3-3/4% bonds.	
Total bonds authorized	\$73,000,000.00
LESS refunding mortgage bonds on which fee was paid heretofore	<u>55,000,000.00</u>
Balance	\$18,000,000.00
LESS general mortgage bonds on which fee was paid heretofore	<u>3,284,000.00</u>
Total	\$14,716,000.00
Fee due	\$6,679.00

On general mortgage bonds the company paid a fee of \$1,750. (Dec. No. 423, App. No. 350) on an issue of \$2,500,000.00 and a fee of \$784.00 on Nov. 12, 1914 (Dec. No. 1930, App. No. 1405) on an issue of \$784,000.00. Through the issue of the \$73,000,000.00 of bonds the company is paying \$55,000,000.00 of refunding mortgage bonds and \$13,360,000.00 of general mortgage bonds.

W. C. Fankhauser
W. C. FANKHAUSER

WCF:LBM

W. C. Fankhauser
sec