

Decision No. 28835

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 \$35,000,000. face value of its) Application No. 20,002.
Refunding Mortgage Gold Bonds, Series B)
3-3/4s, Due 1960.)

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

BY THE COMMISSION:

ORIGINAL

OPINION

Southern California Edison Company Ltd., asks permission to issue and sell at not less than 97 percent of their face value and accrued interest \$35,000,000. of its Refunding Mortgage Gold Bonds, Series B 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 pursuant to the authority granted by Decision No. 27856 dated March 27, 1935, as amended, in Application No. 19886, it issued and sold \$73,000,000. face value of Refunding Mortgage Gold Bonds, Series of 3-3/4's, Due 1960, that it realized from the sale of such bonds \$70,080,000., which moneys, together with other funds of the company, were deposited and are now on deposit with the Harris Trust and Savings Bank, Trustee, to be applied to the redemption in lawful money of the United States on July 1, 1935, of \$13,360,000. of General Mortgage 5% Gold Bonds, Due 1939, and \$55,000,000. of Refunding Mortgage Gold Bonds, Series of 5's, Due 1951, at 105 and interest accrued to July 1, 1935.

Applicant reports that it proposes to redeem in lawful money of the United States on September 1, 1935, \$32,000,000. of its Refunding Mortgage Gold Bonds, Series of 5's, Due in 1952. These bonds are redeemable on that date upon the payment of the principal thereof, a premium of 5% and accrued interest.

The company reports that the redemption of the \$32,000,000. of bonds requires an expenditure of \$33,600,000. It estimates that through the refunding of the bonds, as herein proposed, it will effect an annual net saving of \$173,307. This 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 \$35,000,000. of bonds, \$3,000,000. will be issued to reimburse applicant's treasury because of income expended for the acquisition of property and the construction, completion, extension and improvement of its facilities, while \$32,000,000. will be certified under the refunding provisions of applicant's mortgage. Applicant reports that it has expended for capital purposes the sum of \$6,444,042.75 against which it has issued no bonds or stock.

The payment of the \$35,000,000. 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 Refunding Mortgage Gold Bonds, Series B 3-3/4's, Due 1960. They will be dated July 1, 1935 and will mature on July 1, 1960. They will bear interest at the rate of 3-3/4% per annum from July 1, 1935, which interest is payable semi-annually. 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%; if during 1951, a premium of 2-1/2%; if during 1952, a premium of 2%; if during 1953, a premium of 1-1/2%; if during 1954, a premium of 1%; if during 1955, a premium of 1/2 of 1%; and if during 1956 or thereafter, the bonds are redeemable at par.

Upon the completion of the refinancing authorized by Decision No. 27856, and that herein authorized, applicant will have outstanding the following bonds:-

A. <u>Southern California Edison Company Ltd.:</u>	
Refunding Mortgage 3-3/4's Due 1960	\$73,000,000.
Refunding Mortgage Series B 3-3/4's Due '60	35,000,000.
Refunding Mortgage 5's Due 1954	29,300,000.
Refunding Mortgage 4-1/2's Due 1955	3,600,000.
B. <u>Pacific Light and Power Company:</u>	
First Mortgage 5's Due 1942	<u>4,750,000.</u>
Total.....	<u>\$145,550,000.</u>

As of April 30, 1935 the applicant had outstanding stock as follows:

Original preferred	\$ 4,000,000.
Preferred, Series "A" 7%	24,878,750.
Preferred, Series "B" 6%	48,038,850.
Preferred, Series "C" 5-1/2%	35,546,300.
Common	79,569,125.
Subscribed preferred stock	1,100.
Subscribed common	<u>1,000.</u>
Total.....	<u>\$192,135,125.</u>

ORDER

Southern California Edison Company Ltd., having applied to the Railroad Commission for permission to issue \$35,000,000. of its Refunding Mortgage Gold Bonds, Series B 3-3/4's, Due July 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 the issue of said bonds 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., after the effective date hereof and prior to September 1, 1935, may issue and sell at not less than 97% of their face value, \$35,000,000. of face value of its Refunding Mortgage Gold Bonds, Series B 3-3/4's, Due July 1, 1960, and use the proceeds other than accrued interest, realized from the sale of \$32,000,000. of said bonds to redeem on September 1, 1935 its outstanding Refunding Mortgage Gold Bonds, Series of 5's, Due September 1, 1952, by payment therefor, dollar for dollar, in lawful money of the United States and use the proceeds realized from the sale of \$3,000,000. of said bonds to reimburse its treasury on account of income expended for the acquisition of property and the construction, 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. The accrued interest may be used for general corporate purposes.
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 July 1, 1960 the unamortized discount and expense applicable to the bonds which it intends to redeem on September 1, 1935, and the premium which it must pay upon their redemption, provided that the Commis-

sion reserves the right to hereafter determine whether the charges necessary to amortize said discount, expense and premium should be included in the cost of money to said Southern California Edison Company Ltd.

3. The authority herein granted will become effective when Southern California Edison Company Ltd. has paid the fee prescribed by Section 57 of the Public Utilities Act, which fee is Two Thousand (\$2,000.) Dollars.
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 said \$35,000,000. of Refunding Mortgage Gold Bonds, Series B 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.
6. Southern California Edison Company Ltd. may, pending the preparation and delivery of definitive bonds, execute, authenticate and deliver in lieu of such definitive bonds, temporary bonds, such bonds to be issued and sold under the same terms and conditions as applicant is herein auth-

orized to issue and sell said Refunding Mortgage Gold Bonds Series B, 3-3/4's, Due 1960.

7. Southern California Edison Company Ltd. shall on or before February 1, 1936 file with the Railroad Commission a statement showing in detail the expenses incurred by it because of the issue and sale of said \$35,000,000. of Refunding Mortgage Gold Bonds, Series B 3-3/4's, Due 1960.

DATED at San Francisco, California, this 12th day of June, 1935.

Mr. A. C. Carr

Mr. B. H. Harris

Mr. H. C. H. H. H.

STANLEY R. H. H.

Commissioners.

Fee # 2000 ⁰⁰/₁₀₀

R. M. H. H. H.

Fee # 31475