

Decision No. 23221

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 \$30,000,000.00 face value of  
its first and refunding mortgage gold  
bonds, Series of 4's, due 1960. )  
Application No. 20142

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

BY THE COMMISSION:

O P I N I O N

ORIGINAL

Southern California Edison Company Ltd. asks permission to issue and sell at not less than par and accrued interest, \$30,000,000. of its first and refunding mortgage gold bonds, Series of 4's, due 1960, and use the proceeds to redeem outstanding bonds and to reimburse its treasury because of income used to pay outstanding bonds.

Applicant reports that by appropriate proceedings it has changed the name of its bonds from refunding mortgage gold bonds to first and refunding mortgage gold bonds. Upon the completion of the financing and refunding herein proposed, applicant will have outstanding bonds as follows:-

Southern California Edison Company Ltd. first and refunding mortgage gold bonds, Series of 3-3/4's, due 1960	\$73,000,000.
Southern California Edison Company Ltd. first and refunding mortgage gold bonds, Series "B" 3-3/4's, due 1960	35,000,000.
Southern California Edison Company Ltd. first and refunding mortgage gold bonds, Series of 4's, due 1960	30,000,000.
Southern California Edison Company Ltd. first and refunding mortgage gold bonds, Series of 4 1/2's, due 1955	3,600,000.
Pacific Light and Power Company first mortgage 5's, due 1942	4,750,000.
Total	<u>\$146,350,000.</u>

The company proposes to redeem on December 1, 1935 \$29,300,000. of its first and refunding mortgage gold bonds, Series of 5's, due 1954. These bonds are redeemable on that date upon the payment of the principal thereof, the accrued interest, and a premium of five percent. It desires to use the proceeds from the \$30,000,000. of said four percent bonds, together with other funds, to redeem in lawful money of the United States, said \$29,300,000. of bonds.

The first and refunding mortgage gold bonds, Series of 4's, due 1960, are to be dated September 1, 1935, to mature September 1, 1960, and bear interest from September 1, 1935 at the rate of four percent per annum, payable semi-annually. They are redeemable at the option of the company on any interest date prior to maturity, after notice of publication in the Borough of Manhattan, City and State of New York, in the City of Chicago, Illinois, and in the City of Los Angeles, California, once a week for four successive weeks, the first publication of said notice to be at least sixty(60) days before the date fixed for redemption, and within ten (10) days after the first publication thereof, the company or the Harris Trust and Savings Bank, Trustee, shall mail a copy of such notice to the holder of any registered bond or bonds called for redemption, whose address is shown on the registry books of the company, provided however, that failure to mail any such notice or notices shall not be deemed to affect the validity of any such redemption proceedings, by payment of the principal thereof and interest thereon to the date fixed for redemption, and a premium determined as follows:- If redeemed prior to or during the calendar year 1940,  $8\frac{1}{2}\%$  of the principal thereof; thereafter prior to or during the calendar year 1950, 6% of the principal thereof; and in each calendar year thereafter, as hereinafter indicated, to-wit: In 1951, 3% of the principal thereof; in 1952,  $2\frac{1}{2}\%$  of the principal thereof; in 1953, 2% of the principal thereof; in 1954, 1% of the principal thereof; in 1955,  $1\frac{1}{2}\%$  of the principal thereof; in 1956 and thereafter, prior to ma-

turity, said bonds shall be redeemed at par and accrued interest to date of redemption.

Applicant estimates that through the refunding operation it will effect a saving in annual fixed charges of about \$171,000.00. This saving is predicated upon the assumption that the balance of the unamortized bond discount and expense applicable to applicant's first and refunding mortgage gold bonds, Series of 5's, due 1954, and the premium required to call said first and refunding mortgage gold bonds, Series of 5's, due 1954, be amortized over the life of said \$30,000,000. of first and refunding mortgage gold bonds, Series of 4's, due 1960. Applicant requests permission to amortize the balance of said unamortized bond discount and expense and the said premium over the life of said \$30,000,000. of bonds. We have considered this request and believe that if it be considered purely as a matter of accounting convenience, it may be granted. However, such permissive order of the Commission relating to the manner in which accounting entries may be made should not be taken as depriving the Commission of the power to withdraw its permit at any time or as binding it to the acceptance of such accounting entries if involved in other proceedings.

#### O R D E R

Southern California Edison Company Ltd., having applied to the Railroad Commission for permission to issue \$30,000,000. face value of its first and refunding mortgage gold bonds, Series of 4's, due 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 December 1, 1935 at not less than par and accrued interest, \$30,000,000. of its first and refunding mortgage gold bonds, Series of 4's, due 1960, and use the proceeds, other than accrued interest, realized from the sale of \$29,300,000. of said \$30,000,000. of bonds, together with other funds, to redeem on December 1, 1935, on a dollar for dollar basis, in lawful money of the United States, \$29,300,000. of its first and refunding mortgage gold bonds, Series of 5's, due 1954, and use the proceeds from the sale of the remaining \$700,000. of said \$30,000,000. of bonds to reimburse its treasury, in part, on account of income heretofore expended to redeem outstanding bonds. 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 September 1, 1960 the balance of the unamortized discount and expense applicable to the \$29,300,000. of first and refunding mortgage gold bonds, Series of 5's, due 1954, which it intends to redeem on December 1, 1935 and the premium which it is required to pay upon the redemption of said bonds.
3. The authority herein granted will become effective when applicant has paid the fee prescribed by Section 57 of the Public Utilities Act, which fee is Seven Hundred (\$700.00) Dollars.
4. If Southern California Edison Company Ltd. issues and sells said \$30,000,000. of first and refunding mortgage gold bonds, Series of 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.

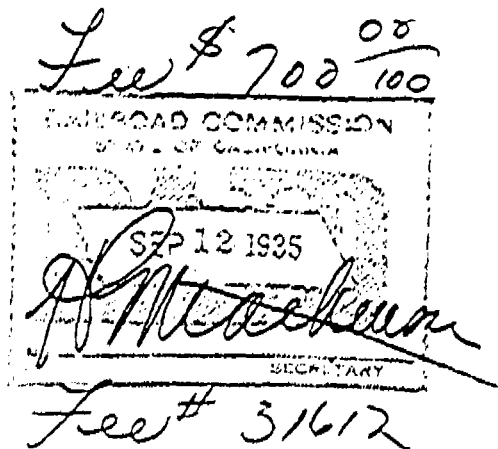
5. Southern California Edison Company Ltd. may, pending the preparation and delivery of definitive bonds, the issue of which is herein authorized, execute, authenticate and deliver in lieu of said definitive bonds, temporary bonds, such temporary bonds to be issued and sold under the same terms and conditions as applicant is herein authorized to issue and sell its said \$30,000,000. of first and re-funding mortgage gold bonds, Series of 4's, due 1960.

6. Southern California Edison Company Ltd. shall, on or before April 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 \$30,000,000. of first and refunding mortgage gold bonds, Series of 4's, due 1960.

7. 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.

DATED at San Francisco, California, this 12<sup>th</sup> day of September, 1935.

Leon C. Whelan



Walter D. ...

Frank R. ...

Commissioners.