

ORIGINAL

Decision No. 40580

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of)
 SOUTHERN CALIFORNIA EDISON COMPANY,)
 a corporation,)
 for authority to execute and deliver)
 Credit Agreements and Notes pursuant)
 thereto aggregating at any one time)
 not to exceed the sum of \$75,000,000.)
 -----)

Application
No. 28625

O P I N I O N

In this application, Southern California Edison Company asks permission to execute and deliver credit agreements with various banks whereby said banks severally agree to provide applicant with not exceeding \$75,000,000 for the purposes hereinafter stated, and to issue, pursuant to the terms and conditions of said credit agreements, unsecured 1½% notes, none of which shall have a maturity later than August 3, 1949.

Applicant also asks that the execution of said credit agreements and the issue of any notes thereunder be exempt from the requirements for competitive bidding. (1)

As of June 30, 1947, applicant reports assets and liabilities as follows:

(1) Decision No. 38614 dated January 15, 1946.

<u>Assets</u>		
Utility plant		\$402,557,907.55
Cost of electric plant requisitioned by U.S. Gov't including dismantlement expenses (amount of settlement not determined) less partial payments received of \$900,000.00		1,682,368.03
Other investments		2,046,828.58
Current and accrued assets		28,155,776.42
Cash	\$ 6,491,259.61	
Special deposits	45,208.09	
Working funds	526,468.65	
Notes receivable	497.77	
Accounts receivable	4,509,729.70	
Rents receivable	137,093.24	
Accrued utility revenues	2,108,000.00	
Materials and supplies	10,661,207.34	
Prepayments	3,672,312.02	
Deferred debits		14,924,220.11
Unamortized debt discount and expense	\$ 8,780,700.49	
Prepayments on leased electric plant	1,535,664.33	
Clearing accounts	681,464.69	
Retirement work in progress	2,472,438.53	
Other work in progress	1,061,281.19	
Other deferred debits	392,670.88	
Capital stock expense		2,289,751.83
Total assets and other debits		<u>\$451,652,852.52</u>

<u>Liabilities</u>		
Capital stock		\$157,415,147.02
Common	\$70,744,947.02	
Preference 4.48% convertible Series	41,334,475.00	
Cumulative Preferred 4.32% Series	41,335,725.00	
Original preferred	4,000,000.00	
Premium on capital stock		1,526,853.75
Bonds		138,000,000.00
Series of 3's due 1965	\$108,000,000.00	
Series of 3½'s due 1964	30,000,000.00	
Current and accrued liabilities		29,605,090.88
Notes payable	\$5,500,000.00	
Accounts payable	5,846,979.22	
Payables to associated companies	1,575,318.45	
Dividends declared	1,486,710.98	
Customers' deposits	537,371.06	
Taxes accrued	12,301,346.47	
Tax liability not yet charged to income	392,670.88	
Interest accrued	1,409,583.33	
Other current and accrued liabilities	555,110.49	

Deferred credits		3,620,414.18
Unamortized premium on debt	\$2,312,532.20	
Customers' advances for construction	925,788.64	
Other deferred credits	382,093.34	
Reserves		112,125,635.69
Reserve for depreciation of electric plant	\$102,061,731.40	
Reserve for amortization of electric plant acquisition adjustments	1,439,930.22	
Reserve for depreciation and amortization of other property	697,682.90	
Reserve for uncollectible accounts	717,924.75	
Insurance reserve	91,285.27	
Injuries and damages reserve	75,975.20	
Employees' provident reserve	4,235,147.22	
Reserve for frequency change expense	2,775,958.73	
Contributions in aid of construction		1,519,049.56
Earned surplus		<u>7,840,661.44</u>
Total liabilities and other credits		<u>\$451,652,852.52</u>

In Exhibit "E", applicant for 1947, 1948 and the first 6 months of 1949 estimates its new construction expenditures at \$77,985,297 and its replacement expenditures at \$30,092,159 making a grand total of \$108,077,456. A summary of the new construction expenditures follows:

Item	1947	1948 - 1949
Hydro production	\$1,932,020	\$1,120,000
Steam production	15,557,105	13,500,000
Vernon diesel plant	2,375	---
Transmission lines	1,049,567	2,000,000
Transmission substations	6,306,035	2,000,000
Distribution substations	3,559,512	5,500,000
Distribution lines	6,730,861	8,000,000
Other new construction	3,052,822	3,650,000
Contingencies	125,000	200,000
Engineering, administration and interest during construction	1,000,000	1,700,000
Total new construction	<u>\$39,315,297</u>	<u>\$38,670,000</u>
Replacements	<u>16,092,159</u>	<u>14,000,000</u>
Grand Total	<u>\$55,407,456</u>	<u>\$52,670,000</u>

To carry forward its construction program applicant has borrowed from several banks \$8,500,000 evidenced by its 1½% unsecured notes. Of these notes, \$5,500,000 are due and payable August 8, 1947 and \$3,000,000 on September 15, 1947. Applicant proposes to refund said notes through notes issued under the credit agreements. The proceeds of other notes issued under the credit agreements will be used to reimburse applicant's treasury because of income expended for the acquisition and construction of properties, or for the acquisition of property, or for the construction, completion, extension or improvement of its facilities, or for the improvement or maintenance of its service or for the discharge or lawful refunding of obligations issued under the terms of said credit agreements.

A copy of a credit agreement is on file in this application as Exhibit "C". The following statement shows the amounts which the respective banks have agreed to loan applicant under the agreements:

<u>Name of Bank</u>	<u>Amount of Credit</u>
Bank of America N.T. & S.A. Los Angeles	\$13,500,000
Bankers Trust Company - New York	6,000,000
California Bank - Los Angeles	750,000
The Chase National Bank of the City of New York	13,500,000
Citizens National Trust & Savings Bank of Los Angeles	750,000
The Farmers and Merchants National Bank of Los Angeles	750,000
Guaranty Trust Company of New York	13,500,000
Harris Trust and Savings Bank - Chicago	1,500,000
Manufacturers Trust Company - New York	4,500,000
Mellon National Bank and Trust Company - Pittsburg	5,250,000
National City Bank of New York	11,625,000
Security-First National Bank of Los Angeles	3,000,000
Union Bank & Trust Co. of Los Angeles	375,000
Total	<u>\$75,000,000</u>

Under the terms of the credit agreements applicant can borrow, repay and then borrow again from time to time during the period of two years from August 8, 1947. The amount borrowed at any one time from any bank shall not exceed the amounts shown above. Any loans made by applicant shall be represented by unsecured notes, similar in form to that attached to the credit agreement as Exhibit "B". The notes are to bear interest at the rate of $1\frac{1}{2}\%$ per annum payable monthly and shall have a maturity as requested by applicant but not exceeding 360 days and in no event later than August 8, 1949. Applicant agrees to pay the banks at the end of each three months period following the effective date of the agreements a commitment fee of $\frac{1}{4}$ of 1% per annum on the daily average unused amount of the banks commitment during such period. Applicant has the right to reduce the aggregate commitments in multiples of \$7,500,000. Any such reduction shall be applied ratably among the participating banks. All borrowings shall be in multiples of \$2,000,000. All borrowings and all payments shall be made ratably among said banks.

Applicant has the privilege of ratable prepayment of the notes in whole or in part at any time. It must pay a premium of $\frac{1}{4}$ of 1% of the principal amount of any loans repaid from moneys borrowed from sources other than bonds or debentures, or loans repaid in anticipation of such borrowings.

It is applicant's intention at the appropriate time, to refund the notes issued under the credit agreements through the issue of stock, bonds and debentures or any of them.

In Exhibit "D" applicant reports uncapitalized construction expenditures as of June 30, 1947 at \$46,864,174.74. In arriving at this figure applicant includes premiums paid on

called bonds (\$14,561,599.78) and premium paid (\$4,908,833.31) on stock retired. It does not appear to us that the premiums paid represent capital expenditures. The order herein will authorize applicant to use the proceeds of the notes issued pursuant to the terms of the credit agreement, to refund notes, to reimburse its treasury because of income expended for the acquisition and construction of properties and to pay in part the cost of the properties described in Exhibit "E".

The Commission finds that the execution of the credit agreements and the issue of notes thereunder should be exempt from the provisions of Decision No. 38614, dated January 15, 1946.

O R D E R

The Commission having considered Southern California Edison Company's requests and it being of the opinion that this is not a matter on which a hearing is necessary, that the money, property or labor to be procured or paid for through the execution and delivery of said credit agreements and issue of notes pursuant to the terms and conditions of the credit agreements is reasonably required by Southern California Edison Company for the purposes herein stated, that 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 may, after the effective date hereof and on or before September 30, 1947 execute and deliver credit agreements in, or substantially in the form of the credit agreement on file in this application as Exhibit "C",

said agreements providing Southern California Edison Company with a credit at any one time of not exceeding \$75,000,000.

2. Southern California Edison Company may, after the effective date hereof and on or before June 30, 1949 issue, for the purposes hereinafter stated, under the terms and conditions of said credit agreements notes to the sum of not exceeding \$75,000,000 at any one time outstanding. In the event Southern California Edison Company issues notes for 360 days or less, it may refund the same through the issue of new notes, maturing not later than August 8, 1949.

3. Southern California Edison Company shall use the proceeds of said notes to reimburse its treasury because of income expended for property acquisitions and construction, to refund notes and pay in part the cost of acquiring and constructing the properties listed in Exhibit "E".

4. Southern California Edison Company shall file with the Commission a copy of the credit agreement executed under the authority herein granted and a copy of each note issued under said authority.

5. Southern California Edison Company shall file during the life of the credit agreements monthly reports showing in some detail its expenditures for the acquisition and construction of properties listed in Exhibit "E", such reports to be filed within forty five (45) days after the close of each month.

6. The authority herein granted will become effective when Southern California Edison Company has paid the fee required by Section 57 of the Public Utilities Act.

Dated at Los Angeles, California, this 5th day
of August, 1947.

Harold F. Hills

Justus F. Gallivan
Justus F. Gallivan

Herbert P. Potter

Commissioners

