

Decision No. 41492

ORIGINAL

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of )  
SOUTHERN CALIFORNIA EDISON COMPANY, )  
a corporation, for an order exempting )  
from the competitive bidding rule in ) Application  
Decision No. 38614 the proposed issuance ) No. 29256  
and sale of 800,000 shares of a new )  
series of Preference Stock. )  
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Gail C. Larkin, Bruce Renwick, by Bruce Renwick,  
for Applicant; O'Melveny & Myers, by Graham L.  
Sterling, Jr., of Counsel.

ROWELL, Commissioner

O P I N I O N

Southern California Edison Company asks the Commission for an order exempting the issue and sale by it of 800,000 shares of a new series of preference stock from the Commission's competitive bidding rule set forth in Decision No. 38614, dated January 15, 1946.

Said Decision No. 38614, among other things, provides that upon the filing of an appropriate application and after a hearing had thereon, the Commission may exempt, after due showing, any security from its competitive bidding rule.

Applicant is a corporation organized and existing under the laws of the State of California, and is engaged in the business of generating, transmitting and distributing electric energy for light, heat and power in the central and southern portions of the State of California as a public utility subject to the jurisdiction of the Public Utilities Commission of the State of California.

The following statement shows Applicant's authorized and outstanding capital stock:

<u>Class of Stock</u>	<u>No. of Shares Authorized</u>	<u>No. of Shares Outstanding</u>	<u>Stated Value</u>
Original Preferred Stock (5% cumulative, participating)	160,000	160,000	\$ 4,000,000.00
Cumulative Preferred Stock 4.32% Series	6,000,000	1,653,429	41,335,725.00
4.88% Series		800,000	20,000,000.00
Preference Stock (cumulative)	3,000,000		
4.48% Convertible Series		1,653,071	41,326,775.00
Common Stock	<u>8,000,000</u>	<u>3,183,091</u>	<u>70,752,647.02</u>
Total	<u>17,160,000</u>	<u>7,449,591</u>	<u>\$177,415,147.02</u>

Applicant has outstanding \$178,000,000 of bonds.

Applicant's present capitalization ratios, such ratios after the issue of the 800,000 shares of preference stock, and after their conversion into common stock are shown by the following tabulation:

<u>Class of Security</u>	<u>Capitalization Ratios</u>			
	<u>: : :Present:</u>	<u>:After Issue: : of : New Stock</u>	<u>After : Conversion : : of New Stock:</u>	<u>:After Conversion : of all Prefer- : ence Stock</u>
Bonds	48.6%	46.1%	46.1%	46.1%
Preferred Stocks (Senior Issue)	17.9	16.9	16.9	16.9
Preference Stock (Convertible)	11.3	15.9	10.8	-
Common Stock	19.3	18.3	23.4	34.2
Surplus	2.9	2.8	2.8	2.8

The record shows that Applicant during 1948 must raise for construction purposes about \$80,000,000. During January, 1948, it issued \$40,000,000 of bonds. Applicant believes that its capitalization should be improved by the issue and sale of additional stock. Because of the current market value of its common stock it does not deem it advisable at this time to undertake the issue and sale of common stock. It therefore has concluded to issue a new series of

preference stock convertible into common stock. It has not yet determined the dividend rate on such stock, its call and redemption provisions, the basis on which it will be convertible into common stock, or the sale price. Each of these factors is in some degree dependent upon the others. Applicant is of the opinion that it will have more complete control over the fixation of the several factors that affect the sale price of the stock if it is permitted to sell the stock on a negotiated basis. It therefore asks the Commission to exempt the issue and sale of the 800,000 shares of preference stock from its competitive bidding order in Decision No. 38614. If its request is granted, it will file with the Commission in due time an application for permission to issue and sell the 800,000 shares of preference stock. In that application, or in a supplement thereto, it will advise the Commission of the specific terms and conditions under which it will issue and sell said 800,000 shares of preference stock.

The testimony warrants the Commission to grant Applicant's request. I herewith submit the following form of order:

#### O R D E R

The Commission having considered the evidence submitted at the hearing had on this application and it being of the opinion that the issue and sale of 800,000 shares of a new series of preference stock by Southern California Edison Company should be exempt from the provisions of Decision No. 38614, dated January 15, 1946, therefore,

IT IS HEREBY ORDERED that the issue and sale of said 800,000 shares of preference stock by Southern California Edison

Company be, and it is hereby, exempt from the provisions of Decision No. 33614, dated January 15, 1946.

IT IS HEREBY FURTHER ORDERED that the Commission retains jurisdiction of the issue and sale of said 800,000 shares of preference stock by Southern California Edison Company.

IT IS HEREBY FURTHER ORDERED that this order is effective as of this date.

The foregoing Opinion and Order are hereby approved and ordered filed as the Opinion and Order of the Public Utilities Commission of the State of California.

Dated at San Francisco, California, this 20<sup>th</sup> day of April, 1948.

P. J. Indrany  
Justus F. Galvan  
Leah H. Russell

Henrietta Potter  
Commissioners