

ORIGINAL

Decision No. 41910

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)
 issue and sell Twenty-Five Million)
 Dollars (\$25,000,000) aggregate)
 principal amount of its First and)
 Refunding Mortgage Bonds, Series B,)
 Due 1973, and to issue and deliver)
 to Harris Trust and Savings Bank and)
 Security-First National Bank of)
 Los Angeles, as Trustees, an indenture)
 supplemental to the existing Trust)
 Indenture dated as of October 1, 1923)
 as amended and supplemented.)
 -----)

Application
No. 29553

O P I N I O N

This is an application for an order of the Public Utilities Commission authorizing Southern California Edison Company (a) to issue and sell at competitive bidding, \$25,000,000 principal amount of its First and Refunding Mortgage Bonds, Series B, Due 1973, for the purpose of reimbursing its treasury and of financing construction costs; (b) to invite the submission of written sealed bids for the purchase of such bonds at least five days prior to the date set for opening of such bids; and, (c) to execute and deliver an Eighth Supplemental Indenture.

The proposed bonds will be issued in accordance with the terms of applicant's trust indenture dated as of October 1, 1923, and indentures supplemental thereto heretofore executed, together with an eighth supplemental indenture now proposed to be executed. They will be dated as of August 15, 1948, will bear

interest at a rate per annum to be specified in the bid to be accepted by the company, will mature August 15, 1973, and will be subject to redemption at the option of the company, as a whole or in part, at any time prior to maturity after four weeks' notice, upon payment of the principal amount plus premiums to be determined as follows:

The redemption price to and including August 14, 1949 (hereinafter referred to as the "initial redemption price") will be the initial public offering price plus 3% of the principal amount; the redemption price for the 12 months' period beginning August 15, 1949 and during the 12 months' periods beginning on each August 15 thereafter to and including August 15, 1972 will be determined by reducing the initial redemption price by an amount determined by multiplying (a) $1/24$ of the amount by which such initial redemption price exceeds 100% by (b) the number of such full 12 months' periods which have elapsed since August 14, 1948. (All such prices will be specified to the nearest 0.01% or if there is no nearest 0.01%, then to the next higher 0.01%.)

Applicant intends to offer the bonds for sale at competitive bidding by means of a public invitation for bids to be dated August 11, 1948, with bids to be opened on August 17, 1948. Accordingly, it has requested permission to publish the invitation for the bids at a date less than ten days prior to the time set for opening the bids.

In support of its request to issue additional bonds, applicant reports that up to June 30, 1948, its uncapitalized construction expenditures amounted to \$4,694,980.93, and it estimates that during the period from July 1, 1948, to December 31, 1949, it will be called upon to expend \$74,805,640 for new construction and for replacements as follows:

<u>New Construction</u>	
Steam Production	\$18,055,372
Hydraulic Production	6,842,035
Transmission Lines	2,803,246
Transmission Substations	4,580,740
Distribution Lines	9,824,749
Distribution Substations	8,171,564
Other New Construction	3,075,326
Engineering, Administration, and Interest During Construction	<u>1,473,558</u>
Total New Construction	\$54,826,590
<u>Replacements</u>	<u>19,979,050</u>
	<u>\$74,805,640</u>

Of the total expenditures heretofore made during the first six months of 1948 and estimated for the balance of the year and for 1949, the company estimates, as shown in some detail in Exhibit "E", that it will be able to provide all but \$45,279,128 from the issue and sale of the preference stock heretofore authorized by the Commission, from earnings and from current items. It therefore appears that the issue of the additional bonds covered by the present application is required by the company to enable it to proceed with its construction program.

ORDER

The Public Utilities Commission having considered the above entitled matter and being of the opinion that a public hearing is not necessary, that the application should be granted, as herein provided, that the money, property or labor to be procured or paid for through the issue of \$25,000,000 of bonds is reasonably required by Southern California Edison Company for the purposes indicated herein, and that such purposes, other than the expenditures for expenses incident to the issue and sale of the

bonds and for accrued interest, are not, in whole or in part, reasonably chargeable to operating expenses or to income; therefore,

IT IS HEREBY ORDERED as follows:

1. Southern California Edison Company, after the effective date hereof and on or before September 30, 1948, may issue and sell not exceeding \$25,000,000 of its First and Refunding Mortgage Bonds, Series B, Due 1973, such sale to be made at a price to be fixed by the Commission in a supplemental order in this proceeding.

2. Southern California Edison Company shall invite the submission of written sealed bids for the purchase of said bonds, such invitation for bids to be published at least five (5) days prior to the date set for the opening of said bids.

3. Southern California Edison Company may execute and deliver an Eighth Supplemental Indenture in, or substantially in, the same form as that filed in this proceeding and designated Exhibit "F".

4. Southern California Edison Company shall use the proceeds to be received from the issue and sale of said \$25,000,000 of bonds to pay expenses incident to such issue and sale, to reimburse its treasury for moneys heretofore expended from income or other moneys in its treasury not secured by or obtained from the issue of stock or stock certificates or other evidences of interest or ownership, or bonds, notes or other evidences of indebtedness, and to finance in part the acquisition

of property and the construction, extension, completion or improvement of its facilities during 1948 and 1949. The accrued interest may be used for general corporate purposes.

5. Southern California Edison Company shall file with the Commission monthly reports showing the amount of bonds issued and sold under the authority herein granted, the name or names of those to whom the bonds were sold, and the price at which they were sold, together with a statement showing the purposes for which it expended the bond proceeds, the first of such reports to be filed on or before October 25, 1948, and subsequent reports to be filed on or before the 25th day of each month thereafter until all of the bond proceeds have been expended.

6. The authority herein granted to issue and sell bonds will become effective when the Commission by a supplemental order has fixed the price at which said bonds may be sold, and when applicant has paid the fee prescribed by Section 57 of the Public Utilities Act, which fee is nine thousand two hundred fifty (\$9,250.00) dollars. The authority herein granted to invite bids for the purchase of said bonds and to execute an Eighth Supplemental Indenture is effective upon the date hereof.

7. Within thirty (30) days after the issue and sale of said bonds, Southern California Edison Company shall file with the Commission a complete copy of its registration statement including the exhibits referred to therein, except such exhibits which heretofore have been filed with the Commission.

8. Within six (6) months after the issue and sale of said \$25,000,000 of bonds, Southern California Edison Company

shall file with the Commission a statement showing in some detail the expenses incident to such issue and sale.

Dated at San Francisco, California, this 37d day of August, 1948.

R. E. Dineen
James H. Powell
Harold P. Kule
Kenneth Potter
Commissioners

PUBLIC UTILITIES COMMISSION
STATE OF CALIFORNIA
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AUG 3 1948
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By *W.A. Klyne*