

ORIGINAL

Decision No. 42720

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	)	No. 30174
issuance and sale of 800,000 shares	:	
of Common Stock.	)	
-----	:	

Bruce Renwick and Rollin E. Woodbury, by  
Bruce Renwick; O'Melveny & Myers, by Harry L. Dunn,  
for Applicant.

HULS, Commissioner

O P I N I O N

In this application, Southern California Edison Company, hereafter sometimes called Applicant, asks the Commission to enter its order exempting Applicant's proposed issue and sale of an additional 800,000 shares of its common stock from the Commission's competitive bidding rule set forth in Decision No. 38614, dated January 15, 1946.

Applicant is a corporation organized and existing under the laws of the State of California. It 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.

Applicant reports that its cash construction requirements for 1949 will amount to about \$74,000,000, and that during the year it should provide approximately \$45,000,000 of that amount

through the issue of stock or some form of indebtedness. Currently Applicant's monthly construction expenditures aggregate about \$6,000,000.

Applicant's capitalization ratios before and after the issue of the 800,000 shares of common stock are reported as follows:

<u>Item</u>	<u>Before Stock Issue</u>	<u>After Stock Issue</u>
Bonds	49.0%	46.3%
Preferred stock	15.8	14.9
Convertible preference stock	14.8	14.0
Common stock	17.0	21.7
Surplus	<u>3.3</u>	<u>3.1</u>
Total	<u>99.9%</u>	<u>100.0%</u>

The following statement shows Applicant's authorized capital stock and the number of shares outstanding on February 28, 1949:

<u>Class of Stock</u>	<u>No. of Shares Authorized</u>	<u>No. of Shares Outstanding</u>
Original Preferred Stock (5% cumulative, participating)	160,000	160,000
Cumulative Preferred Stock	6,000,000	
4.32% Series		1,653,429
4.88% Series		800,000
Preference Stock (cumulative)	3,000,000	
4.48% Convertible Series		1,652,883
4.56% Convertible Series		799,750
Common Stock	8,000,000	3,183,477*

\*In addition, 2,124,994 shares of authorized common stock are reserved for conversions.

The classes of Applicant's shares of stock rank in the order above stated with respect to their relative priorities except that the original preferred stock has, in addition to certain

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preferences, certain participating rights with the common stock. Each share of stock has a par value of \$25. Applicant has need for the proceeds from the sale of said 800,000 shares of stock.

Applicant's officers believe that because of the large stock issue, the proceeds of which are estimated at about \$24,000,000, they face less risk in selling the shares under a negotiated than under a competitive underwriting. Further, they believe that their desire to have the shares distributed principally in California can be achieved with greater certainty under a negotiated sale, and that because of Applicant's large construction program they should not be required to risk an unsuccessful offering of the stock. Applicant's capitalization ratios show its need for the issue of additional common stock.

No one appeared at the hearing to protest the granting of Applicant's request.

Applicant will file with the Commission in due time, an application for permission to issue and sell the additional 800,000 shares of common stock. In that application, or in a supplement thereto, it will advise the Commission of the specific terms and conditions under which it proposes to issue and sell said 800,000 shares of common 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 being of the opinion

that the issue and sale of said 300,000 shares of common stock by Southern California Edison Company, provided it obtains for said shares a price satisfactory to the Commission, should be exempt from the provisions of the order in Decision No. 38614, dated January 15, 1946; therefore,

IT IS HEREBY ORDERED that the issue and sale of said 800,000 shares of common stock by Southern California Edison Company, provided it obtains for said shares a price satisfactory to the Commission, is exempt from the provisions of the order in Decision No. 38614, dated January 15, 1946.

IT IS HEREBY FURTHER ORDERED that the Commission retains jurisdiction over the issue and sale of said 800,000 shares of common 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 19<sup>th</sup> day of April, 1949.

R. Z. Anderson  
Justice J. Calver  
Walter K. Russell  
Harold K. Baker  
Samuel H. Lott  
Commissioners