

ORIGINAL

Decision No. 42883

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of	)	
SOUTHERN CALIFORNIA EDISON COMPANY,	:	
a corporation,	)	Application
	:	No. 30266
for authority to issue and sell	)	(and First Supplemental)
800,000 shares of Common Stock, of	:	
the aggregate par value of \$20,000,000.	)	
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O P I N I O N

In this application, Southern California Edison Company, hereinafter sometimes referred to as Applicant, asks permission to issue and sell, at \$31.00 per share, 800,000 shares of its common stock of the aggregate par value of \$20,000,000. Applicant proposes to use the stock proceeds to pay expenses (estimated at \$105,000) incident to the issue and sale of said 800,000 shares of stock; to reimburse its treasury for moneys actually expended by it from income or other moneys in its treasury not secured by or obtained from the issue of stocks or stock certificates or other evidences of interest or ownership, or bonds, notes or other evidences of indebtedness for the acquisition of property, construction, completion, extension or improvement of its facilities, exclusive of maintenance of service and replacements; and to finance in part the acquisition, construction, completion, extension or improvement of its facilities.

The Commission by Decision No. 42720, dated April 19, 1949, exempted the issue of the 800,000 shares of common stock

from the provisions of the Order in Decision No. 38614, dated January 15, 1946, provided Applicant obtains for said shares of stock a price satisfactory to the Commission.

Applicant's authorized capital stock of \$429,000,000 is divided into 17,160,000 shares of the par value of \$25 each. The various classes of stock and the amounts of each class outstanding, as of March 31, 1949, are reported as follows:

	<u>Shares</u>	<u>Par Value</u>	<u>Stated Value</u>
Original Preferred Stock	160,000	\$ 4,000,000.00	\$ 4,000,000.00
Cumulative Preferred Stock:			
4.32% Series	1,653,429	41,335,725.00	41,335,725.00
4.88% Series	800,000	20,000,000.00	20,000,000.00
Preference Stock:			
4.48% Convertible Series	1,652,383	41,322,075.00	41,322,075.00
4.56% Convertible Series	799,750	19,993,750.00	19,993,750.00
Common Stock(1)	<u>3,183,477(2)</u>	<u>79,586,925.00</u>	<u>70,763,597.02</u>
Total	<u>8,249,539.</u>	<u>\$206,238,475.00</u>	<u>\$197,415,147.02</u>

(1)

Of the total authorized common stock, 2,124,994 shares are reserved for conversion of preference shares and outstanding common scrip.

(2)

Bearer scrip certificates exchangeable for common stock are outstanding for 2.33 shares.

Decision No. 42720, dated April 19, 1949, shows Applicant's capitalization ratios before and after the issue of the 800,000 shares of common stock as follows:

<u>Item</u>	<u>Before Stock Issue</u>	<u>After Stock Issue</u>
Bonds(3)	49.0%	46.3%
Preferred Stock	15.8	14.9
Convertible Preference Stock	14.8	14.0
Common Stock	17.0	21.7
Surplus (4)	<u>3.3</u>	<u>3.1</u>
Total	<u>99.9%</u>	<u>100.0%</u>

(3) Bonds outstanding March 31, 1949--\$203,000,000.

(4) Earned surplus March 31, 1949--\$11,393,152.37.

Exhibit "C" on file in this application shows that as of March 31, 1949, Applicant had expended for capital purposes \$15,458,445.64 which it had not obtained from the sale of securities.

Applicant estimates that during 1949 it will expend for new construction and replacements about \$79,316,813. This amount it segregates in Exhibit "D" as follows:

<u>New Construction</u>	
Steam production	\$12,295,777
Hydraulic production	5,674,946
Transmission lines	6,200,828
Transmission substations	6,802,622
Distribution lines	9,491,035
Distribution substations	8,430,471
Other new construction	5,543,726
Engineering, administration, and interest during construction	<u>969,356</u>
Total new construction	<u>\$55,408,761</u>
<u>Replacements</u>	
Steam production	\$ 690,357
Hydraulic production	2,028,329
Transmission lines	858,747
Transmission substations	1,647,733
Distribution lines	10,530,988
Distribution substations	6,773,830
Other replacements	947,424
Engineering, administration, and interest during construction	<u>430,644</u>
Total replacements	<u>\$23,908,052</u>
Total	<u>\$79,316,813</u>

It is estimated by Applicant that usable material and equipment recovered from 1949 plant retirements in the approximate amount of \$5,225,000 will reduce its 1949 cash requirement for plant expenditures to about \$74,091,000. To carry forward its construction program, Applicant finds it necessary to issue additional stock. It asks permission to sell said 800,000 shares of common stock at \$31.00 per share. A copy of the underwriting

agreement covering the sale of the shares of stock is attached as Exhibit "A" to Applicant's first supplemental application. In our opinion, Applicant is receiving a reasonable price for said shares of stock and their issue and sale should be authorized. The authority herein granted will be effective as of the date of this decision, so that said shares of stock may be promptly offered for sale.

O R D E R

The Commission has considered this application and is of the opinion that a hearing thereon is not necessary, that the money, property or labor to be procured or paid for by Southern California Edison Company through the issue of not more than 800,000 shares of common stock is reasonably required by Applicant for the purposes herein stated, which purposes are not, in whole or in part, reasonably chargeable to operating expenses or to income, and that this application should be granted, subject to the provisions of this Order; therefore,

IT IS HEREBY ORDERED as follows:

1. Southern California Edison Company may issue and sell, on or before June 30, 1949, at \$31.00 per share, not more than 800,000 shares of its common stock, such sale to be made in accordance with the terms of the underwriting agreement attached as Exhibit "A" to Applicant's first supplemental application.

2. Southern California Edison Company shall use the proceeds obtained from the sale of said shares of common stock to pay

its expenses (estimated at \$105,000) incident to the issue and sale of said shares of stock; to reimburse itself for moneys actually expended from income or other moneys in its treasury not secured by or obtained from the issue of stocks or stock certificates or other evidences of interest or ownership, or bonds, notes or other evidences of indebtedness for the acquisition of property, construction, completion, extension or improvement of its facilities; exclusive of maintenance of service and replacements; and to finance in part the acquisition, construction, completion, extension or improvement of Applicant's facilities referred to in Exhibit "D" on file in this application.

3. Southern California Edison Company shall file with the Commission, within six (6) months after the issue and sale of said shares of common stock, a statement showing:

- (a) The price at which said shares of stock were sold;
- (b) The names of those to whom Applicant sold said shares of stock and the number of shares sold to each underwriter;
- (c) The purposes for which Applicant expended the proceeds from said shares of stock, and
- (d) In detail, Applicant's expenditures incident to the issue and sale of said shares of stock.

4. The authority herein granted is effective upon the date hereof.

Dated at San Francisco, California, this 17<sup>th</sup> day of May, 1949.

R. E. Zimmerman  
Justus F. Gargen  
Irving H. Lowell  
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Commissioners