

ORIGINAL

Decision No. 45334

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 Thirty-Five Million)
 Dollars (\$35,000,000) aggregate)
 principal amount of its First and)
 Refunding Mortgage Bonds, Series C,)
 Due 1976, 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. 32071

O P I N I O N

This is an application for an order of the Commission authorizing Southern California Edison Company (a) to issue and sell at competitive bidding, \$35,000,000 principal amount of its First and Refunding Mortgage Bonds, Series C, Due 1976, for the purpose of paying promissory notes and of reimbursing its treasury; (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 a Ninth Supplemental Indenture.

Applicant is a California corporation 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. It has reported its operating revenues, net income and number of customers for the last five years, as follows:

	<u>Operating Revenues</u>	<u>Net Income</u>	<u>Customers Dec. 31</u>
1946	\$ 73,276,833	\$11,195,235	696,335
1947	84,877,287	11,329,747	765,326
1948	95,578,985	11,889,295	834,677
1949	100,135,058	18,939,787	890,592
1950	104,697,122	19,658,025	951,252

Exhibit A filed in this proceeding shows assets, liabilities and net worth as of December 31, 1950, as follows:

Assets

Utility plant		\$594,865,095.29
Other property and investments		3,962,917.37
Current assets -		
Cash and deposits	\$ 7,182,873.10	
Notes and accounts receivable	9,083,683.45	
Materials and supplies	14,286,512.39	
Prepayments	<u>2,264,228.71</u>	
Total current assets		32,817,297.65
Unamortized debt discount and expense		4,055,284.46
Other work in progress		2,802,372.31
Other deferred debits		4,640,272.41
Capital stock expense		<u>2,747,875.67</u>
Total		<u>\$645,891,115.16</u>

Liabilities and Net Worth

Capital stock		\$242,415,147.02
Premium on capital stock		6,536,043.73
First and refunding mortgage bonds		203,000,000.00
Current liabilities -		
Notes payable	\$12,000,000.00	
Accounts payable	10,543,727.13	
Customers' deposits	577,830.50	
Accrued liabilities	26,021,096.25	
Other liabilities	<u>596,792.03</u>	
Total current liabilities		49,739,445.91
Deferred credits		1,467,992.27
Reserve for depreciation of electric plant		111,757,741.91
Other reserves		9,372,669.00
Contributions in aid of construction		2,559,783.56
Surplus		<u>19,042,291.76</u>
Total		<u>\$645,891,115.16</u>

Heretofore applicant has executed a trust indenture dated as of October 1, 1923, and eight subsequent indentures supplemental thereto, and pursuant to the terms thereof, has issued and now has outstanding first and refunding mortgage bonds, as follows:

Series of 3's, Due 1965	\$108,000,000
Series of 3 $\frac{1}{4}$'s, Due 1964	30,000,000
Series A, Due 1973 (3-1/8%)	40,000,000
Series B, Due 1973 (3%)	<u>25,000,000</u>
Total	<u>\$203,000,000</u>

Applicant now proposes to execute a Ninth Supplemental Indenture and to issue and sell at competitive bidding a new series of bonds, to be designated as First and Refunding Mortgage Bonds, Series C, Due 1976, which will be dated as of February 15, 1951, will bear interest at a rate per annum to be specified in the bid to be accepted by the company for the purchase of the bonds, and will mature February 15, 1976.

Applicant reports that it will have need for the proceeds to be received from the sale of its bonds to pay outstanding short-term notes, which it estimates will aggregate \$19,500,000 at the time such proceeds are available, and to reimburse its treasury for moneys expended from income or other sources not secured by or obtained from the issue of securities. In support of its request it sets forth, as shown in some detail in Exhibit C, that as of December 31, 1950, it had expended \$42,930,600.46 for construction purposes for which it has not been reimbursed and it estimates that during 1951 it will be called upon to make plant additions in the aggregate amount of \$62,590,274 and during 1952 in the aggregate amount of \$58,000,000, a total for the two years of not less than \$120,590,274.

Applicant's construction program during 1951 and 1952 includes the completion of a new hydroelectric plant being built on the San Joaquin River, known as Big Creek No. 4, which will contain generating units with a total name plate rating of 84,000 kilowatts; the construction of a steam generating plant to be located in San

Bernardino County, to be known as the Etiwanda Steam Station, with two units initially to be installed having a name plate rating of 100,000 kilowatts; approximately 62 miles of 220 kv transmission line between Etiwanda and the Highgrove, Barre and Lighthipe substations; a new substation known as the Center Transmission Substation, and approximately 28 miles of 220 kv transmission lines connecting said substation with existing facilities; together with the completion of approximately 133 miles of 220 kv transmission line from the new Big Creek No. 4 plant to Magunden Substation.

Of the total estimated expenditures during 1951, amounting to \$62,590,274, applicant estimates that \$2,006,065 will be provided by materials recovered from plant retirements and \$16,084,209 from internal sources, leaving a balance of \$44,500,000 which must be obtained from the sale of securities and which will be provided in part through the issue of the bonds covered by this application. The effect of such issue on applicant's capital structure is shown in the following tabulation:

	<u>Dec. 31, 1950</u>	<u>Pro Forma</u>
Bonds	43%	47%
Preferred and preference stock	30	28
Equity capital	<u>27</u>	<u>25</u>
Total	<u>100%</u>	<u>100%</u>

A review of the application clearly indicates that the issue and sale by applicant of additional securities is necessary to enable it to improve its cash position and to meet in part its capital requirements, and that the issue of the bonds at this time as now proposed is warranted.

O R D E R

The Commission having considered the above entitled matter, and being of the opinion that a public hearing thereon 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 \$35,000,000 of bonds is reasonably required by Southern California Edison Company for the purposes indicated herein; and that such purposes, other than 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 April 30, 1951, may issue and sell not exceeding \$35,000,000 of its First and Refunding Mortgage Bonds, Series C, Due 1976, 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 a Ninth Supplemental Indenture in, or substantially in, the same form as that filed in this proceeding and designated Exhibit B-a-33.

4. Southern California Edison Company shall use the proceeds to be received from the issue and sale of said \$35,000,000 of bonds for the purposes set forth in its application. 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

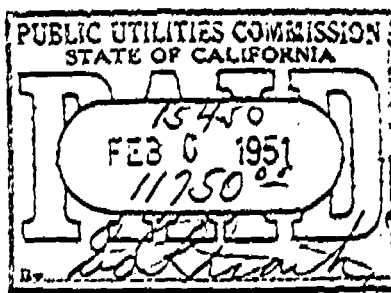
sold under the authority herein granted, the name, or names, of those to whom the bonds were sold, and the price at which they were sold, together with a statement showing the purposes for which it expended the proceeds, the first of such reports to be filed on or before May 25, 1951, and subsequent 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. The authority herein granted to invite bids for the purchase of said bonds and to execute a Ninth 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 \$35,000,000 of bonds, Southern California Edison Company shall file with the Commission a statement showing in some detail the expenses incurred by it incident to such issue and sale, and the account to which such expenses were charged.

Dated at San Francisco, California, this 6th day of February, 1951.



R. F. [Signature]
Justice J. C. [Signature]
Harold H. [Signature]
[Signature]
[Signature]
Commissioners