

Decision No. 46039

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 authority to)
 issue and sell Thirty Million Dollars)
 (\$30,000,000) aggregate principal)
 amount of its First and Refunding)
 Mortgage Bonds, Series D, 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 supple-)
 mental to the existing Trust Indenture)
 dated as of October 1, 1923 as amended)
 and supplemented.)
 -----)

Application
No. 32621

O P I N I O N

In this application Southern California Edison Company requests authority to issue and sell, at competitive bidding, \$30,000,000 principal amount of its First and Refunding Mortgage Bonds, Series D, Due 1976, for the purpose of reimbursing its treasury, and to invite written sealed bids for the purchase of such bonds by publication at least five days prior to the date set for the opening of the bids. Applicant also asks authority to execute and deliver a Tenth 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. Heretofore, in financing the cost of its properties, it has executed a trust indenture dated as of October 1, 1923, together with nine subsequent indentures supplemental thereto, and has issued and now has outstanding first and refunding mortgage bonds, as follows:

Series of 3 $\frac{1}{2}$'s, Due 1964	\$ 30,000,000
Series of 3's, Due 1965	108,000,000
Series A, Due 1973 (3-1/8%)	40,000,000
Series B, Due 1973 (3%)	25,000,000
Series C, Due 1976 (2-7/8%)	<u>35,000,000</u>
Total	<u>\$238,000,000</u>

The application shows that applicant now proposes to execute a Tenth Supplemental Indenture and to issue and sell a new series of bonds, in the aggregate principal amount of \$30,000,000, to be designated as First and Refunding Mortgage Bonds, Series D, Due 1976, which bonds will be dated as of August 15, 1951, will bear interest at a rate to be specified in the bid to be accepted by the company for the purchase of said bonds, and will mature August 15, 1976.

Applicant desires to use the proceeds to be received from the issue and sale of the proposed new series of bonds to reimburse itself for moneys heretofore actually expended from income or from other moneys in its treasury not secured by or obtained from the issue of bonds, notes or other evidences of indebtedness for the acquisition of property and the construction, completion, extension or improvement of its facilities. The amounts so reimbursed will become a part of the general treasury funds and thereafter will be available in meeting applicant's construction program. In support of its request applicant sets forth, as shown in some detail in Exhibit C, that as of June 30, 1951, it has expended \$41,687,492.61 for construction purposes for which it has not been reimbursed, and it reports, in Exhibit D, estimated expenditures during 1951 and 1952, as follows:

	<u>Gross Additions</u>		
	<u>1951</u>	<u>1952</u>	<u>Total</u>
<u>New Construction</u>			
Steam Production	\$ 8,658,304	\$32,695,000	\$ 41,353,304
Hydraulic Production	3,329,519	191,900	3,521,419
Transmission Lines	6,615,978	2,862,830	9,478,808
Transmission Substations	8,246,854	3,475,273	11,722,127
Distribution Lines	15,971,230	21,990	15,993,220
Distribution Substations	6,505,357	490,403	6,995,760
Other New Construction	1,285,857	31,000	1,316,857
Engineering, Administration, and Interest During Construction	1,831,875	-	1,831,875
Total New Construction	\$52,444,974	\$39,768,396	\$ 92,213,370
<u>Replacements</u>			
Steam Production	\$ 2,023,186	\$ -	\$ 2,023,186
Hydraulic Production	452,956	544,456	997,412
Transmission Lines	870,879	802,133	1,673,012
Transmission Substations	958,284	-	958,284
Distribution Lines	8,313,816	-	8,313,816
Distribution Substations	2,191,352	125,524	2,316,876
Other Replacements	968,013	16,600	984,613
Engineering, Administration, and Interest During Construction	568,125	-	568,125
Total Replacements	\$16,346,611	\$ 1,488,713	\$ 17,835,324
Total	\$68,791,585	\$41,257,109	\$110,048,694
Estimated Additional Ex- penditures			<u>27,960,435</u>
Total			<u>\$138,009,129</u>

It appears that applicant's construction program for 1951 and 1952 includes the completion of its Big Creek No. 4 hydroelectric plant on the San Joaquin River and also a new steam electric generating station to be known as the Etiwanda Steam Station, located in San Bernardino County, and initially to have two generating units with a name plate rating of 100,000 kilowatts. This station, including water and fuel supply lines, is expected to cost \$36,000,000 and is scheduled for completion in the latter part of 1952. The construction program also includes the Center Transmission Substation, to be completed in the early part of 1952 at an estimated cost of approximately \$5,200,000, the Antelope Transmission Station

estimated to cost approximately \$2,200,000, and new 220 kv transmission lines which will cost approximately \$7,000,000. Applicant, in addition, is considering the construction of additional generating capacity of approximately 250,000 kilowatts to be added to existing steam stations and/or installed, in whole or in part, on a new site yet to be selected. The plans for such capacity are not yet sufficiently definite to estimate total cost upon completion, which will not be until after 1952, but the proposed 1951-1952 budget includes expenditures of approximately \$6,800,000 for this purpose.

Exhibit E indicates that the proposed sale of Series D bonds, together with cash available from internal sources, will be sufficient to enable applicant to finance its expenditures during the remainder of 1951, but that in 1952 it will be compelled to obtain approximately \$50,000,000 from external sources to carry forward its construction activities. Applicant's capital ratios as of June 30, 1951, and after giving effect to the presently proposed issue of bonds, are as follows:

	<u>June 30, 1951</u>	<u>Pro Forma</u>
Bonds	47%	50%
Preferred stock	27	26
Equity capital	26	24

A review of the application clearly indicates that the issue and sale of additional securities is necessary to enable applicant to improve its cash position and to meet, in part, its capital requirements. At a later date applicant will file a supplemental application setting forth the terms of the proposed bonds and the price at which it intends to dispose of them. At that time, the Commission will give further consideration to applicant's request.

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 \$30,000,000 of bonds is reasonably required by Southern California Edison Company for the purposes indicated herein; and that such purposes are not, in whole or in part, reasonably chargeable to operating expenses or to income; therefore,

IT IS HEREBY ORDERED as follows:

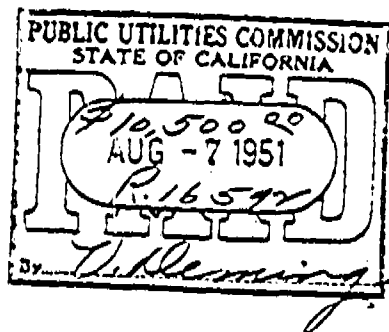
1. Southern California Edison Company, after the effective date hereof and on or before September 30, 1951, may issue and sell not exceeding \$30,000,000 of its First and Refunding Mortgage Bonds, Series D, Due 1976, such sale to be made at a price to be fixed by the Commission in a supplemental order 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 Tenth 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 \$30,000,000 of bonds, other than accrued interest, 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 a report 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, and two (2) copies of its prospectus.

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 ten thousand five hundred (\$10,500) dollars. The authority herein granted to invite bids for the purchase of said bonds and to execute a Tenth Supplemental Indenture is effective upon the date hereof.

7. Within six (6) months after the issue and sale of said \$30,000,000 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, or accounts, to which such expenses were charged.

Dated at San Francisco, California, this 7th day of August, 1951.



Justin J. Greenman
Harold P. Kild
Kenneth Totten
John E. Mitchell

Commissioners