

ORIGINAL

Decision No. 46951

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)
 800,000 shares of Common Stock, of)
 the aggregate par value of)
 \$20,000,000.)
 -----)

Application
No. 33234

O P I N I O N

This application has been filed by Southern California Edison Company for authorization to issue and sell 800,000 shares (\$20,000,000 par value) of its common stock under a negotiated arrangement. The Commission heretofore, by Decision No. 46873, dated March 17, 1952, in Application No. 33200, exempted the issue of such shares of stock from its competitive bidding rule.

Applicant has commenced negotiations with investment banking firms with respect to the sale of said shares. If successful in disposing of them, it proposes to use the proceeds to pay obligations incurred for expenses incident to the issue and sale and to use the net proceeds to retire promissory notes which may be outstanding representing temporary borrowings for the financing of construction costs, and to reimburse itself for moneys actually expended from income or other moneys in its treasury not secured by or obtained from the issue of securities for the acquisition of property and the construction, completion, extension or improvement of its facilities. It reports that it intends to use an amount at least equal to the amount of the reimbursement to finance, in part, its construction program.

In presenting this matter to the Commission, applicant reports that up to January 31, 1952, it had uncapitalized construction costs in the amount of \$35,916,263.82 as shown in Exhibit C, and that it is engaged in an extensive program which will require the expenditure of approximately \$139,462,450 during 1952 and 1953. In Exhibit E it shows its cash requirements during these two years and the sources of funds, as follows:

Gross expenditures	\$139,462,450
Less: usable material recovered from retirements	<u>1,426,422</u>
Total cash requirements	<u>138,036,028</u>
To be provided as follows -	
From internal sources	39,893,154
Unexpended treasury funds from sale of Series D bonds	8,042,871
Estimated proceeds from sale of 800,000 shares of stock	27,000,000
Additional requirements from other sources to complete program	<u>63,100,000</u>
Total	<u>\$138,036,028</u>

Of the total amount, applicant has estimated that \$82,012,722 will be expended during 1952 and that the issue of additional securities in the amount of approximately \$25,000,000 will be required later in this year. The proposed issue of shares of common stock will reduce applicant's bond ratio from approximately 50% to approximately 47% and should place it in a position where debt financing could be undertaken at reasonable rates.

The record in this and in the preceding application clearly indicates that applicant will have need for additional funds from external sources for the purposes indicated and that the issue of shares of common stock is desirable. At this time we will enter a preliminary order in this proceeding. Upon the filing by applicant of a supplemental application showing the price at which

it proposes to dispose of its shares, we will give further consideration to its request to sell said shares.

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 the shares of stock herein authorized is reasonably required by applicant for the purposes specified 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, 1952, may issue and sell not exceeding 800,000 shares of its common stock at such price as the Commission hereafter may fix in a supplemental order in this proceeding, the proceeds to be used for the purposes set forth in this application.

2. The authority herein granted will become effective when the Commission by a supplemental order has fixed the price at which applicant may sell said shares of stock.

3. Within thirty (30) days after the sale of said shares, applicant shall file with the Commission a statement showing the names of those to whom said shares were sold, the number of shares

sold to each, and the price at which sold, together with three (3) copies of its prospectus.

Dated at San Francisco, California, this 8th day of April, 1952.

R. J. [Signature]
President

James J. [Signature]
Harold [Signature]

[Signature]
[Signature]
Commissioners