

ORIGINAL

48096

Decision No. _____

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)
 500,000 shares of Common Stock, of)
 the aggregate par value of)
 \$12,500,000.)
 -----)

Application
No. 33939

O P I N I O N

Southern California Edison Company has filed this applica-
 tion for an order of the Commission authorizing it to issue and sell
 500,000 shares of its common stock, of the par value of \$25 each and
 of the aggregate par value of \$12,500,000.

Applicant intends to sell its shares of stock at competitive
 bidding. It proposes, and seeks authorization, to publish invitations
 for bids for the purchase of the shares at least five days prior to
 the date set for the opening of bids, and upon bids being received and
 the stock sold, to use the proceeds to retire and discharge promissory
 notes which may be outstanding as of the date of the issue and sale of
 said shares and to reimburse its treasury for moneys expended for the
 acquisition of property and the construction, completion, extension or
 improvement of its facilities. It estimates that its outstanding
 notes will aggregate approximately \$6,000,000, and in Exhibit B it
 reports its total uncapitalized construction, for which it now seeks
 reimbursement in part, in the amount of \$46,589,330.64 as of October
 31, 1952, as shown in some detail in the exhibit.

Upon reimbursement the proceeds will become a part of
 applicant's general treasury funds. It reports that it intends to

use an amount at least equal to the amount of the reimbursement to finance in part its capital expenditures during 1952 and 1953. It shows in its application that it is engaged in an extensive construction program and it estimates the total funds required during the two years at \$150,109,706, including those heretofore expended during this year. A summary of its estimated expenditures and the sources of funds is indicated in the following tabulation:

	<u>1952</u>	<u>1953</u>	<u>Total</u>
Gross additions -			
Steam production	\$25,800,138	\$25,582,465	\$ 51,382,603
Hydraulic production	1,279,585	4,837,555	6,117,140
Transmission lines	6,143,606	2,878,607	9,022,213
Transmission substations	6,071,636	6,208,576	12,280,212
Distribution lines	24,367,545	25,716,187	49,984,732
Distribution substations	5,828,541	5,726,548	11,555,089
Other	1,931,143	2,886,574	4,817,717
Engineering, administrative and interest	<u>2,450,000</u>	<u>2,500,000</u>	<u>4,950,000</u>
Total gross additions	<u>73,872,194</u>	<u>76,237,512</u>	<u>150,109,706</u>
Funds to be provided -			
Material to be recovered from plant retirements	1,477,943	2,730,687	4,208,630
Internal sources	21,771,377	21,606,825	43,378,202
Unexpended proceeds from sale of bonds in August, 1951	8,042,874	-	8,042,874
Proceeds from sale of stock in April, 1952	26,320,000	-	26,320,000
Estimated proceeds from proposed sale of stock	<u>16,260,000</u>	<u>2,740,000</u>	<u>19,000,000</u>
Total	<u>\$73,872,194</u>	<u>27,077,512</u>	<u>100,949,706</u>
Balance for future financing	-	\$49,160,000	\$ 49,160,000

Information on file in this proceeding shows that the estimated amounts include the completion of applicant's new steam electric generating station known as the Etiwanda Steam Station located in San Bernardino, which initially will have two generating units each with a name plate rating of 100,000 kilowatts, the station being expected to cost approximately \$37,400,000, with completion of the two units by June of next year. The program also includes a new steam electric generating station known as Redondo Steam Plant No. 2, which initially will have one generating unit with a name plate rating of 125,000 kilowatts and is expected to cost approximately

\$24,400,000, and the Center Transmission Substation which was completed in the early part of 1952 at a cost of approximately \$4,900,000, the Antelope Transmission Substation scheduled for completion in May, 1953, at a cost of approximately \$2,100,000, and new 220KV transmission lines estimated to cost approximately \$5,200,000.

It has been applicant's practice to finance itself through the issue of bonds, preferred and preference stock and common stock. Its capital ratios as of October 31, 1952, are as follows:

First and refunding mortgage bonds -		
Series of 3's, Due 1965	\$108,000,000	
Series of 3½'s, Due 1964	30,000,000	
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%)	35,000,000	
Series D, Due 1976 (3-1/8%)	30,000,000	
Total bonds	<u>268,000,000</u>	47%
Preferred stock -		
Original preferred	4,000,000	
Cumulative preferred -		
4.08% series	25,000,000	
4.32% series	41,335,725	
4.88% series	19,962,300	
Preference -		
4.48% convertible	33,766,975	
4.56% convertible	7,633,300	
Total preferred stock	<u>131,698,300</u>	23
Equity capital -		
Common stock	130,679,147	
Premium	12,855,968	
Earned surplus	30,681,610	
Total equity capital	<u>174,216,725</u>	30
Total	<u>\$572,915,025</u>	100%

Upon the completion of the financing now proposed, it appears that applicant's equity position will be increased to approximately 33% of the total and its bond position reduced to approximately 45%.

A review of this matter indicates that applicant will have need for the proceeds from the sale of its shares of stock for the purposes indicated so as to enable it to proceed with its continuing program of expansion, and that the Commission is warranted at this

time in making an order authorizing the issue of shares of stock as requested. Such an order, however, will be of a preliminary nature, and applicant will be required to file a supplemental application at a later date setting forth the price at which it desires to dispose of its shares. At that time the Commission will give further consideration to this matter.

O R D E R

The Commission having considered the above entitled matter, and being of the opinion that a public hearing is not necessary; that the application should be granted, as herein provided; that the money, property or labor to be procured or paid for by the issue of the 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 may publish invitations for bids for the purchase of 500,000 shares of its common stock not less than five (5) days prior to the date set for the opening of said bids.
2. Southern California Edison Company, on and after the effective date hereof and on or before April 30, 1953, may issue and sell said 500,000 shares of common stock at a price to be fixed by the Commission in a supplemental order in this proceeding.
3. The authority herein granted to issue and sell said 500,000 shares of common stock will become effective when the Commission has fixed the price at which they may be sold. All other

authority granted by this order is effective upon the date hereof.

4. Southern California Edison Company shall use the proceeds to be received through the issue and sale of said shares of common stock for the purposes set forth in this application.

5. Within ninety (90) days after the issue and sale of said shares of common stock, Southern California Edison Company shall file with the Commission three (3) copies of its prospectus and a report showing the names of those to whom said shares were sold, the number of shares sold to each, the consideration received, the expenses incident to the issue and the account, or accounts, to which such expenses were charged. As soon as available, applicant shall file with the Commission a report showing the purposes for which the proceeds were disbursed.

Dated at San Francisco, California, this 22nd day of December, 1952

[Signature]
President

Justice F. Calver
Harold Huls

[Signature]
[Signature]
Commissioners