

ORIGINAL

Decision No. 48935

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 \$30,000,000 aggregate)
principal amount of its First and)
Refunding Mortgage Bonds, Series E,)
Due 1978.)
-----)

Application
No. 34583

O P I N I O N

In this proceeding Southern California Edison Company seeks authorization to issue and sell \$30,000,000 in principal amount of its First and Refunding Mortgage Bonds, Series E, Due 1978, the price and interest rate to be determined by competitive bidding.

The purpose of the proposed issue is to provide applicant with funds to pay outstanding short-term notes representing borrowings for capital purposes and to reimburse its treasury because of expenditures heretofore made for the acquisition of property and the construction, completion, extension or improvement of its facilities, which expenditures have not been paid or provided through the issue of securities. In exhibits filed in this proceeding, applicant reports its short-term borrowings in the amount of \$12,100,000 as of June 30, 1953, and its uncapitalized construction costs as of that date at \$49,976,359.99. It expects that by the time it will have received the proceeds from the sale of its bonds the outstanding short-term notes will have increased to \$21,000,000.

It appears that applicant will have need for the additional bond money to enable it to proceed with its construction

program. It reports that its estimated gross additions during 1953 will amount to \$75,310,486 and during 1954 to \$68,823,699, a total of \$144,134,185 for the two years, and that its sources of funds to meet these requirements will be as follows:

Salvage recoveries from plant retirements	\$ 4,613,911
Internal sources	46,992,274
Sale of common stock in January, 1953	14,500,000
Proposed Series E bonds	30,000,000
Additional financing required to complete program	<u>48,028,000</u>
Total	<u>\$144,134,185</u>

The reported expenditures of \$144,134,185 are segregated in Exhibit C as follows:

	<u>1953</u>	<u>1954</u>	<u>Total</u>
Steam production	\$25,456,247	\$26,649,019	\$ 52,105,266
Hydraulic production	5,140,405	4,761,893	9,902,298
Transmission lines	3,192,019	3,976,680	7,168,699
Transmission substations	7,447,350	2,913,406	10,360,756
Distribution lines	23,254,460	21,733,120	44,987,580
Distribution substations	5,282,077	4,233,347	9,515,424
Other	2,537,928	2,056,234	4,594,162
Engineering, administration, and interest during construction	<u>3,000,000</u>	<u>2,500,000</u>	<u>5,500,000</u>
Totals	<u>\$75,310,486</u>	<u>\$68,823,699</u>	<u>\$144,134,185</u>

The expenditures include \$17,500,000 for additional steam production facilities at El Segundo, \$8,979,308 at Etiwanda and \$23,586,033 for a new station at Redondo. The hydraulic production expenditures include \$8,245,000 for a reservoir at Vermilion Valley. As to the proposed expenditures for distribution facilities, the application shows \$25,818,942 for line construction for new business and \$18,091,445 for rebuilding of existing lines.

It appears that the proposed bond issue will complete applicant's permanent financing in 1953 but that it will have to

obtain additional sums from securities in 1954. Applicant's capital ratios as of June 30, 1953, excluding short-term borrowings, and as adjusted to give effect to the issue of the \$30,000,000 of Series E bonds, are as follows:

	<u>June 30, 1953</u>	<u>Pro Forma</u>
Bonds	45%	48%
Preferred and preference stock	21	20
Equity capital	<u>34</u>	<u>32</u>
Totals	<u>100%</u>	<u>100%</u>

Upon reviewing this matter we will enter a preliminary order at this time authorizing the issue and sale of the bonds, it being our opinion that the money, property or labor to be procured or paid for by the issue and sale of the bonds herein authorized is reasonably required by applicant for the purposes specified herein, and that such purposes, except as otherwise authorized, are not, in whole or in part, reasonably chargeable to operating expenses or to income.

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 and that an order should be entered; therefore,

IT IS HEREBY ORDERED as follows:

1. Southern California Edison Company, on and after the effective date hereof and on or before October 31, 1953, may issue and sell not exceeding \$30,000,000 of its First and Refunding Mortgage Bonds, Series E, Due 1978, 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 days prior to the date set for the opening of said bids.

3. Southern California Edison Company may execute and deliver an Eleventh Supplemental Indenture in, or substantially in, the same form as that filed in this proceeding and designated Exhibit E.

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, within 60 days after the issue and sale of said bonds, three copies of its prospectus and 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 used the proceeds.

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 1904(b) of the Public Utilities Code, which fee is \$10,500.00. The authority herein

granted to invite bids for the purchase of said bonds and to execute an Eleventh Supplemental Indenture is effective upon the date hereof.

7. Within six months after the issue and sale of said 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 Los Angeles, California, this th 10 day of August, 1953.

[Signature]
President

[Signature]
[Signature]

[Signature]
[Signature]
Commissioners

