

ORIGINAL

Decision No. 49672

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 600,000 shares of)
Common Stock of the aggregate par)
value of \$15,000,000.)
-----)

Application
No. 35133

O P I N I O N

Southern California Edison Company has filed this applica-
tion for authorization to issue and sell 600,000 shares of its common
stock, of the aggregate par value of \$15,000,000, by means of a
negotiated underwriting. The Commission by Decision No. 49619, dated
February 2, 1954, exempted the issue of said shares from its competi-
tive bidding rule.

The purpose of the proposed financing is to provide appli-
cant with funds to retire and discharge promissory notes which have
been issued or will be issued for the acquisition of property or for
the construction, completion, extension or improvement of its facili-
ties and which will be outstanding as of the date applicant receives
the proceeds from the sale of its shares of stock, and to reimburse
applicant for moneys expended from income for construction purposes.
Applicant reports that any such proceeds used to reimburse its
treasury will become a part of its general treasury funds and that it
will use an amount at least equal to the reimbursement to finance
construction expenditures.

In filing this application with the Commission applicant
reports that for the years 1946 through 1953, inclusive, its gross
plant additions were approximately \$491,699,000 and retirements during

the period were approximately \$89,649,000, and that the amount of its expenditures as of December 31, 1953, for which it had not been reimbursed with proceeds from the sale of securities was approximately \$59,500,000, as set forth in Exhibit B. In addition, it reports that it will make further expenditures during 1954 and 1955 in the amount of \$124,779,000 and it has furnished statements showing a segregation of its proposed expenditures and its estimated sources of funds. A summary of these statements is as follows:

	<u>1954</u>	<u>1955</u>	<u>Total</u>
Expenditures -			
Steam production	\$26,978,109	\$ 9,355,297	\$ 36,333,396
Hydraulic production	5,391,410	654,218	6,045,628
Transmission	8,289,792	4,647,169	12,936,961
Distribution	29,836,140	27,893,252	57,729,392
Other	3,009,548	2,724,141	5,733,689
Emergency, etc.	<u>3,000,000</u>	<u>3,000,000</u>	<u>6,000,000</u>
Totals	<u>\$76,504,999</u>	<u>\$48,274,067</u>	<u>\$124,779,066</u>
Sources -			
Salvage recoveries	\$ 3,600,825	\$ 1,500,000	\$ 5,100,825
Internal funds	<u>21,904,174</u>	<u>24,304,067</u>	<u>46,208,241</u>
Subtotal	25,504,999	25,804,067	51,309,066
Securities	<u>51,000,000</u>	<u>22,470,000</u>	<u>73,470,000</u>
Totals	<u>\$76,504,999</u>	<u>\$48,274,067</u>	<u>\$124,779,066</u>

Applicant's program for the next two years includes the completion of a new steam electric generating plant known as Redondo Plant No. 2, which is planned to include ultimately two generating units, each with an expected effective operating capacity of 156,000 kilowatts. The first unit is scheduled to commence operation in October, 1954, and is expected to cost approximately \$25,240,000. The program also includes a steam electric generating station at El Segundo which also will have two generating units, each with an expected effective operating capacity of 156,000 kilowatts, the first unit to commence operation by July, 1955.

To meet a part of the 1954 costs applicant has commenced negotiations with investment banking firms with respect to the sale

of its shares of common stock. It expects it will realize proceeds of approximately \$22,200,000, which would leave about \$29,000,000 to be obtained from the sale of additional securities later in the year, according to the preceding tabulation. The proposed issue of shares of common stock at this time will reduce applicant's bond ratio from 48% to 46% and should place it in a favorable position where debt financing can be undertaken at reasonable rates.

The record in this application clearly indicates that applicant will have need for additional funds for the purposes indicated and that the issue of shares of common stock at this time is desirable. Accordingly, we will enter a preliminary order generally approving the proposed issue but reserving jurisdiction with respect to the price at which the shares will be sold. Upon the filing of a supplemental application by applicant showing the agreed terms for the underwriting, we will give this matter further consideration.

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 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, 1954, may issue and sell

not exceeding 600,000 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 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 copies of its prospectus.

Dated at San Francisco, California, this 16th day of February, 1954.

A. J. [Signature]
President
Justin J. [Signature]
Samuel [Signature]
John E. [Signature]
Deane [Signature]
Commissioners