

Decision No. 51398

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 not to exceed \$40,950,600 aggregate principal amount of its _____% Convertible Debentures, Due July 15, 1970, and to execute and deliver an Indenture relating to the same, and to issue Shares of its Common Stock issuable upon Conversion of said Convertible Debentures.

Application
No. 36907

O P I N I O N

Southern California Edison Company has filed this application for authorization to issue and sell not exceeding \$40,950,600 in aggregate principal amount of convertible debentures and to execute a trust agreement.

The purpose of the financing is to provide applicant with funds to pay outstanding notes, to reimburse its treasury, and to finance construction costs. As set forth in Exhibit C filed in the proceeding, its estimated expenditures during 1955 and 1956 for the acquisition of property and for the construction, extension or improvement of its facilities amount to \$185,763,806, segregated as follows:

	<u>1955</u>	<u>1956</u>	<u>Total</u>
Steam production	\$30,763,783	\$ 35,058,893	\$ 65,822,676
Hydraulic production	4,363,065	24,921,609	29,284,674
Transmission lines	3,497,039	2,340,405	5,837,444
Transmission substations	4,115,745	4,708,912	8,824,657
Distribution lines	26,136,357	23,733,544	49,869,901
Distribution substations	8,341,987	4,728,248	13,070,235
Other	3,690,342	2,763,877	6,454,219
Engineering, administration, and interest during construction	<u>3,300,000</u>	<u>3,300,000</u>	<u>6,600,000</u>
Totals	<u>\$84,208,318</u>	<u>\$101,555,488</u>	<u>\$185,763,806</u>

As to the 1955 expenditures, it is set forth in the application that \$4,017,248 will be provided from salvage recovered from plant retirements and \$55,281,070 from internal sources including cash on hand, leaving a balance of \$44,910,000 to be met with the proceeds from the proposed sale of the debentures and from other sources. It appears that temporarily applicant has financed, and will finance, a portion of its costs with bank borrowings, it being reported that presently it is indebted to banks in the amount of \$8,500,000 and that it is expected these borrowings will increase to \$17,500,000 by the time the debenture proceeds become available.

Applicant proposes to sell its debentures by means of a non-underwritten offering to be evidenced by transferable warrants to be issued to the holders of its original preferred stock and common stock of record on or about May 17, 1955. The warrants will provide for the right to subscribe for the debentures. Presently, applicant contemplates that said shareholders will receive one right for each share of original preferred stock and common stock held and that 20 of such rights, plus \$100 in

cash, will be required for subscription to \$100 principal amount of debentures. Applicant does not intend to provide for rights to over-subscribe or to sell any portion of the unsubscribed balance of the debentures. The offering has been exempted from competitive bidding by the order of the Commission in Decision No. 51335, dated April 19, 1955.

A preliminary order will be entered at this time. At a later date, applicant will make a supplemental filing in this proceeding setting forth the interest rate, conversion privileges and final terms of the proposed offering, at which time we will give consideration to the issue of a final order in the 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 and sale of the debentures 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, therefore,

IT IS HEREBY ORDERED as follows:

1. Southern California Edison Company may issue, sell and deliver not to exceed \$40,950,600 in aggregate principal amount of convertible debentures, due July 15, 1970 upon subscription pursuant to rights evidenced by transferable warrants to be

issued to the holders of record of its original preferred stock and its common stock, and use the proceeds for the purposes set forth in this application. The accrued interest on the sale of said debentures may be used for such purposes or for general corporate purposes.

2. The authority herein granted will become effective when applicant has paid the fee prescribed by Section 1904(b) of the Public Utilities Code, which fee is \$13,237.75 and when the Commission by supplemental order has fixed the price at which such debentures may be sold.

Dated at San Francisco, California, this 3rd day of May, 1955.

[Signature]
President

[Signature]
[Signature]

[Signature]

Commissioners
PUBLIC UTILITIES COMMISSION
STATE OF CALIFORNIA
PAID
R.H. 7025
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BY [Signature]