

**ORIGINAL**

Decision No. 52836

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 \$40,000,000 aggregate )  
principal amount of its First and )  
Refunding Mortgage Bonds, Series G, )  
Due 1981, and to execute and deliver )  
a Thirteenth Supplemental Indenture. )

Application  
No. 37846

O P I N I O N

Southern California Edison Company has filed this application for authorization to issue and sell \$40,000,000 in principal amount of its First and Refunding Mortgage Bonds, Series G, Due 1981, and to execute and deliver a Thirteenth Supplemental Indenture.

Applicant intends to offer its bonds for sale at competitive bidding, the price and interest rate to be specified in the bid to be accepted by it. According to the application it intends to publish its invitation for the submission of bids on April 10, 1956, and to open bids on April 17. In order to carry out this program it requests the Commission to provide in its order that the time of publication of the invitation shall be not less than five days prior to the date set for the opening of the bids.

The purpose of the proposed financing is to provide applicant with funds to retire and discharge promissory notes which may be outstanding as of the date of the receipt of proceeds from the sale of the bonds, and to reimburse its treasury for monies actually expended from income or other monies in its treasury for

the acquisition of property and the construction, completion, extension or improvement of its facilities.

In filing this matter, applicant reports that it anticipates its bank loans will not exceed \$10,000,000 at the time the bond proceeds become available. It sets forth, further, that its uncapitalized construction as of January 31, 1956, amounted to \$82,905,525 after giving effect to the issue and sale of \$30,000,000 of preferred stock authorized by the Commission earlier in the year.

Although applicant predicates its application, in part, upon the reimbursement of the treasury, it asserts that any such amount so reimbursed will become a part of its general funds and that it will use an amount at least equal to the reimbursement to finance in part its continuing construction program. In this connection it represents that during 1956 and 1957 its gross additions will aggregate \$253,839,687, segregated as follows:

	<u>1956</u>	<u>1957</u>	<u>Total</u>
Steam production	\$ 47,800,843	\$ 38,596,977	\$ 86,397,820
Hydraulic production	13,578,421	25,453,565	39,031,986
Transmission lines	4,865,028	7,055,701	11,920,729
Transmission substations	12,824,319	8,810,467	21,634,786
Distribution lines	31,397,204	30,571,303	61,968,507
Distribution substations	9,246,862	6,815,158	16,062,020
Other	6,798,322	3,525,517	10,323,839
Engineering, adminis- tration, and interest during construction	<u>3,000,000</u>	<u>3,500,000</u>	<u>6,500,000</u>
Total	<u>\$129,510,999</u>	<u>\$124,328,688</u>	<u>\$253,839,687</u>

Of the total estimated expenditures during the next two years, the company reports it intends to obtain approximately \$175,000,000 from outside sources, including the bonds covered by this application, and to obtain the balance from internal funds represented principally by provisions for depreciation, amortization,

tax deferrals, and unappropriated earnings.

It has been applicant's practice to finance its capital requirements in part through the issue of bonds and shares of preferred and common stock. Its capital ratios as of December 31, 1955, and as adjusted to give effect to the issue of the bonds and preferred stock, are as follows:

	<u>December 31, 1955</u>	<u>Pro Forma</u>
Long-term debt	50%	50%
Preferred stock	14	17
Common stock equity	<u>36</u>	<u>33</u>
Totals	<u>100%</u>	<u>100%</u>

From a review of this application it is clear that applicant will have need for funds from the sale of its bonds to liquidate its current obligations, to replenish its treasury, and to proceed with its construction program. Accordingly, we will enter an order granting applicant's requests.

The approval herein indicated is for the issue and sale of securities only and is not to be construed as indicative of amounts to be included in a future rate base for the purpose of determining just and reasonable rates.

#### ORDER

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 bonds herein authorized is reasonably required by applicant for the purposes specified herein, and that such purposes, other

than accrued interest, 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 invite the submission of sealed written bids for the purchase of \$40,000,000 in aggregate principal amount of First and Refunding Mortgage Bonds, Series G, Due 1981, such invitation for bids to be published at least five days prior to the date set for the opening of the bids.
2. Southern California Edison Company may issue and sell said \$40,000,000 of bonds at the price offered in said bids which will result in the lowest annual cost of money to applicant.
3. Southern California Edison Company may execute and deliver its Thirteenth Supplemental Indenture to its existing trust indenture, such Thirteenth Supplemental Indenture to be substantially in the form as filed with the application as Exhibit E.
4. Southern California Edison Company shall use the proceeds from the sale of its bonds for the purposes set forth in this application. The accrued interest to be received may be used for such purposes or for general corporate purposes.
5. Immediately upon awarding the contract for the sale of said \$40,000,000 of bonds, Southern California Edison Company shall file a written report with the Commission showing, as to each bid received, the name of the bidder, the price, the interest rate, and the cost of money to applicant based on such price and interest rate.

6. Within 30 days after the issue and sale of the bonds herein authorized, Southern California Edison Company shall file a report with the Commission showing the date on which such bonds were sold, the names of those to whom sold, the amount sold to each and the consideration received, together with three copies of its prospectus.

7. The authority herein granted will become effective when Southern California Edison Company has paid the fee prescribed by Section 1904(b) of the Public Utilities Code, which fee is \$13,000.

Dated at San Francisco, California, this 3rd day of April, 1956.

[Signature]  
President

[Signature]

[Signature]

[Signature]

Commissioners

