

ORIGINAL

Decision No. 53665

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
500,000 shares of Common Stock of
the par value of \$25 per share.

Application No. 38340

O P I N I O N

Southern California Edison Company has filed this applica-
tion for authorization to issue and sell not to exceed 500,000 shares
of its common stock of the par value of \$25 each.

Applicant intends to offer its shares for sale by means of
a negotiated underwriting^{1/} and to use the net proceeds to reimburse
its treasury for monies actually spent from income, or other monies
in its treasury, which have not been secured by or obtained from the
issue of stock or stock certificates or other evidences of interest
or ownership, or bonds, notes or other evidences of indebtedness, for
the acquisition of property and the construction, completion, exten-
sion or improvement of its facilities. Applicant reports that it
will have need for funds, upon thus replenishing its treasury, to
meet, in part, its capital requirements.

In Exhibit "B", applicant reports its uncapitalized con-
struction as of June 30, 1956 at \$78,683,203. In Exhibit "C", it

^{1/} By Decision No. 53595, dated August 21, 1956, in Application
No. 38313, the Commission exempted the issue of the 500,000
shares of common stock from competitive bidding.

shows its estimated expenditures for the years 1956 and 1957 as follows:

	<u>1956</u>	<u>1957</u>	<u>Total</u>
Steam production	\$ 46,123,101	\$ 38,876,296	\$ 84,999,397
Hydraulic production	6,439,660	25,067,708	31,507,368
Transmission lines	4,845,767	7,726,997	12,572,764
Transmission substations	13,859,076	10,979,546	24,838,622
Distribution lines	32,018,382	31,540,572	63,558,954
Distribution substations	11,489,791	11,377,761	22,867,552
Other additions	6,612,857	3,944,663	10,557,520
Engineering, administration and interest during construction	<u>3,000,000</u>	<u>3,500,000</u>	<u>6,500,000</u>
Totals	<u>\$124,388,634</u>	<u>\$133,013,543</u>	<u>\$257,402,177</u>

Applicant estimates that its 1956 construction requirements will be financed from the following sources:

Salvage recoveries	\$ 4,534,563
Internal funds	33,944,071
Sale of preferred stock	18,084,000
Sale of Series "G" bonds	39,311,960
Sale of common stock	25,000,000
To be financed	<u>3,514,040</u>
Total	<u>\$124,388,634</u>

In financing the cost of its properties, applicant has executed a trust indenture, dated October 1, 1923, and pursuant to the terms of said indenture and amendatory and supplemental indentures subsequently executed, has issued and sold bonds of several series, of which \$368,000,000 presently are outstanding. In addition, it has issued and sold debentures and shares of preferred, preference and common stock. Its capital ratios, as of June 30, 1956, and as adjusted to give effect to the proposed stock financing are shown in the following tabulation:

	<u>June 30, 1956</u>	<u>Pro forma</u>
Bonds	46%	44%
Debentures	4	4
Preferred stock	15	14
Preference stock	2	2
Common stock equity	<u>33</u>	<u>36</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 external sources to replenish its treasury and to finance its construction activities and that the sale of additional stock at this time is desirable. Accordingly, we are entering an order indicating our approval of the proposed financing. Such approval is for the issue and sale of stock 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.

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 purpose specified herein, and that such purpose, except as otherwise authorized, is 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 and sell 500,000 shares of common stock at such price as the Commission will fix in a supplemental order.

2. Southern California Edison Company shall use the proceeds from the sale of its shares of stock for the purpose set forth in this application.

3. The authority herein granted will become effective when the Commission has fixed the price at which Southern California Edison Company may sell said shares of stock.

Dated at Los Angeles, California, this 29th day of August, 1956.

Edward E. Mitchell
President
Justus F. Caserman
Rachel Winterman
Walter D. Dade
R. H. Harty
Commissioners