

ORIGINAL

Decision No. 54469

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
\$37,500,000 aggregate principal
amount of its First and Refunding
Mortgage Bonds, Series E, Due 1982,
and to execute and deliver a
Fourteenth Supplemental Indenture.

Application No. 38750

O P I N I O N

In this application Southern California Edison Company seeks authorization to execute a supplemental trust indenture and to issue and sell \$37,500,000 in principal amount of its First and Refunding Mortgage Bonds, Series E, Due 1982.

Applicant intends to offer its bonds for sale at competitive bidding, the price and the interest rate to be specified in the bid to be accepted by it. In view of prevailing market conditions, it desires to be able to reduce to a minimum the lapse of time between the effective date of its registration statement and the final offering, in the event it should accept a bid for the purchase of its bonds. Applicant is of the opinion, because of the existence of such conditions and because prospective bidders previously have been notified of its intention to invite bids, that a period of not more than five days should be required for the receipt of bids after the first publication of its invitation for bids, and it has requested the Commission to provide for a five-day period in its order in this proceeding.

The purpose of the proposed financing is to provide applicant with funds to pay short-term bank loans, to reimburse its treasury and to enable it to meet its capital requirements. The company reports that presently its bank borrowings aggregate \$5,000,000 but are expected to increase to \$13,000,000 between the time the bond proceeds become available, that its uncapitalized construction, as of December 31, 1956, amounted to \$95,290,791 as shown in Exhibit B and that it is engaged in an extensive construction program which will require the expenditure of approximately \$304,650,132 during 1957 and 1958. In Exhibit D, applicant sets forth its estimated source of capital funds during 1957 and 1958, as follows:

	<u>1957</u>	<u>1958</u>	<u>Total</u>
Internal sources	\$39,651,644	\$41,612,984	\$81,264,628
Salvage recoveries	3,385,504	4,000,000	7,385,504
Series H bonds	37,500,000	-	37,500,000
Less: Bank loans at 12/31/56	<u>(5,000,000)</u>	-	<u>(5,000,000)</u>
Additional cash requirements to complete program	<u>63,500,000</u>	<u>120,000,000</u>	<u>183,500,000</u>
Total	<u>\$139,037,148</u>	<u>\$165,612,984</u>	<u>\$304,650,132</u>

It has been applicant's practice to finance its construction costs, in part, through the issue of bonds, debentures, and shares of preferred stock and the use of common stock equity capital. Its capital ratios, as of December 31, 1956, and as adjusted to give effect to the proposed issue of bonds, are as follows:

	<u>December 31, 1956</u>	<u>Pro Forma</u>
Bonds	44%	46%
Debentures	4	4
Preferred stock	16	15
Common stock equity	<u>36</u>	<u>35</u>
Total	<u>100%</u>	<u>100%</u>

The company's December 31, 1956 balance sheet shows current and accrued assets in the amount of \$57,902,254 and current and accrued liabilities in the amount of \$66,074,537, including the short-term bank borrowings.

A review of the application indicates that applicant will have need for funds from the sale of permanent securities to liquidate its current obligations and to replenish its treasury and thereafter to proceed with its construction activities. Accordingly, we will enter an order approving this application. Such approval, however, 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.

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 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; therefore,

IT IS HEREBY ORDERED as follows:

1. Southern California Edison Company may invite the submission of written sealed bids for the purchase of \$37,500,000 in aggregate principal amount of its First and Refunding Mortgage Bonds, Series E, Due 1982, 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 \$37,500,000 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 a supplemental trust indenture in, or substantially in, the same form as that filed as Exhibit E in this proceeding.

4. Southern California Edison Company shall use the proceeds to be received from the issue and sale of said bonds for the purposes set forth in this application. The accrued interest to be received may be used for said purposes or for general corporate purposes.

5. Immediately upon awarding the contract for the sale of said \$37,500,000 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 \$12,375.

Dated at San Francisco, California, this 5th day of FEBRUARY, 1957.

Peter E. Mitchell President
Ray E. Untereiner
Rex Hardy
C. Lyn Fox

 Commissioners

PETER E. MITCHELL
 President
 RAY E. UNTEREINER
 REX HARDY
 C. LYN FOX
 Commissioners

PUBLIC UTILITIES COMMISSION
 STATE OF CALIFORNIA
 10446
 FEB - 5 1957
 12375
 BY [Signature]