

ORIGINAL

Decision No. 54340

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of SOUTHERN CALIFORNIA EDISON COMPANY, a corporation, for an order exempting from the competitive bidding rule in Decision No. 38614 as amended by Decision No. 49941, the proposed issuance and sale of a new series of Cumulative Preferred Stock.

Application No. 39006

Bruce Renwick, Harry W. Sturges, Jr.,
Rollin E. Woodbury, and Robert J. Cahall,
by Robert J. Cahall, and O'Melveny & Myers,
by Harry L. Dunn, for Applicant.

O P I N I O N

Southern California Edison Company has filed this application for an order exempting from competitive bidding a proposed issue of 1,200,000 shares of cumulative preferred stock of the aggregate par value of \$30,000,000.

A public hearing on the application was held before Examiner Coleman in San Francisco on April 29, 1957, at which time the matter was taken under submission. The Commission has received no protests to the granting of applicant's request.

The record shows that applicant estimates its 1957 construction budget at \$137,000,000, that it is of the opinion approximately \$65,000,000 must be provided from new permanent type financing, that it has concluded conditions are favorable

for the sale of preferred stock, rather than some other form of security, and that it is taking steps to create a new series of preferred shares. At this time, however, applicant is not seeking authorization to issue and sell its shares. If the Commission, in its decision in this proceeding, should grant exemption as requested, applicant intends to enter into negotiations for the sale of such shares and at a later date to file an appropriate application seeking authorization to issue and sell them and setting forth the dividend rate and other provisions of the new series and stating the terms of the purchase agreement.

Upon a number of occasions applicant has come before the Commission for authorization to issue and sell preferred and common shares of stock by negotiation and by competitive bidding. A review of the results of the previous sales shows that in the negotiated proceedings it was possible for applicant to relate the sale price of the shares more closely to the market price at the time the transactions were closed than was the case with competitive bidding where, once the invitations for bids were published and the dates set for opening the same, no flexibility remained to correlate the sale of stock with subsequent changes in the market, and that, in general, better results were obtained by negotiation, not only in the fixing of the price and the timing of the issue, but also in the distribution of the shares within the company's service area.

Under conditions presently prevailing, it seems quite likely that a better price can be obtained by applicant

in a negotiated sale and from a review of the evidence in this proceeding, we are of the opinion that applicant's proposal to sell its shares of stock by means of a negotiated underwriting will not be adverse to the public interest and that, upon the showing made in this particular proceeding, an order is warranted granting applicant's request.

O R D E R

A public hearing having been held on the above-entitled matter, and the Commission having considered the evidence and being of the opinion that the application should be granted, as herein provided; therefore,

IT IS HEREBY ORDERED that the issue and sale by Southern California Edison Company of 1,200,000 shares of its cumulative preferred stock is exempted from the provisions of the Commission's competitive bidding rule set forth in Decision No. 38614, dated January 15, 1946, as amended by Decision No. 49941, dated April 20, 1954, provided that applicant obtain for said shares a price satisfactory to the Commission.

IT IS HEREBY FURTHER ORDERED that the authority herein granted will become effective on the date hereof.

Dated at San Francisco, California, this 7th day of MAY, 1957.

[Signature]
President

[Signature]
Secretary

[Signature]

[Signature]

[Signature]
Commissioners