

**ORIGINAL**

Decision No. 55449

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 \$40,000,000 aggregate principal amount of its First and Refunding Mortgage Bonds, Series J, Due 1982, and to execute and deliver a Sixteenth Supplemental Indenture.

Application No. 39300

O P I N I O N

Southern California Edison Company has filed this application for authorization to execute a supplemental trust indenture and to issue and sell \$40,000,000 of bonds.

Applicant intends to offer the bonds for sale at competitive bidding. Such bonds will constitute a new series designated as First and Refunding Mortgage Bonds, Series J, Due 1982. They will be dated as of September 1, 1957, will mature September 1, 1982, and will be subject to redemption to and including August 31, 1958, at the initial public offering price plus 5 per cent of the principal amount, or 105 per cent of the principal amount, whichever is greater, and thereafter at annually reducing premiums, plus accrued interest in each case, provided however, that said bonds shall not be redeemed prior to September 1, 1962, if such redemption is for the purpose, or in anticipation of, refunding said bonds through the use, directly or indirectly, of funds borrowed by applicant at an effective interest cost to applicant of less than the effective interest cost of said bonds.

The purpose of the financing is to reimburse the company's treasury for moneys expended for the acquisition of property and for the construction, completion, extension or improvement of its plants and facilities and to enable the company to proceed with its construction program. The application shows, among other things, that the company has expended for capital purposes the sum of \$60,966,686 which has not been provided through the issue of securities and that it is engaged in an extensive program which will call for construction expenditures during 1957 and 1958 of \$310,683,509, as set forth in some detail in Exhibit C.

In Exhibit D applicant sets forth its estimated sources of funds as follows:

	<u>1957</u>	<u>1958</u>	<u>Total</u>
Internal funds	\$ 29,846,000	\$ 39,159,366	\$ 69,005,366
Salvage recoveries	4,678,143	4,000,000	8,678,143
Bond sales -			
Series H	32,200,000	-	32,200,000
Series I	39,900,000	-	39,900,000
Series J	33,300,000	6,700,000	40,000,000
Additional cash requirements	<u>-</u>	<u>120,900,000</u>	<u>120,900,000</u>
<b>Total</b>	<u><u>\$139,924,143</u></u>	<u><u>\$170,759,366</u></u>	<u><u>\$310,683,509</u></u>

The tabulation indicates that the sale of the Series J bonds at this time will carry applicant through the remainder of this year and into the early part of 1958 but that substantial capital issues will be required again next year. In the past, applicant has met its capital requirements through the sale of not only bonds but also debentures, preferred and preference shares and common shares. Its capital ratios, giving effect to the sale of the Series I bonds in July of this year and to the presently proposed sale of Series J bonds, are as follows:

Bonds	51%
Debentures	3
Preferred and preference stock	14
Common stock equity	<u>32</u>
Total	<u>100%</u>

A review of the application clearly indicates that applicant will have need for funds from the sale of the bonds to replenish its treasury if it is to proceed with its construction activities. Accordingly, we will enter an order authorizing the sale as requested.

The action taken herein 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 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 are not, in whole or in part, reasonably chargeable to operating expenses or to income, except as otherwise authorized, and that the application should be granted; therefore,

IT IS HEREBY ORDERED as follows:

1. Southern California Edison Company may invite the submission of written sealed bids for the purchase of \$40,000,000 in aggregate principal amount of its First and Refunding Mortgage Bonds, Series J, Due 1982, as set forth in this application, 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 a supplemental indenture in, or substantially in, the same form as that filed in this proceeding as Exhibit E.

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 \$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 20th day of August, 1957.

[Signature]  
President

[Signature]

[Signature]

[Signature]

Commissioners

