

ORIGINAL

Decision No. 57128

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
 \$50,000,000 aggregate principal
 amount of its First and Refunding
 Mortgage Bonds, Series K, Due 1983,
 and to execute and deliver a
 Seventeenth Supplemental Indenture.

Application No. 40293

O P I N I O N

Southern California Edison Company has filed this applica-
tion for authorization to execute a supplemental trust indenture
and to issue and sell \$50,000,000 of bonds.

Applicant intends to offer the bonds for sale at competi-
tive bidding at a price, exclusive of accrued interest, of not less
than 99% nor more than 102% of the principal amount, the bids to
specify the annual interest rate. Such bonds will constitute a
new series designated as First and Refunding Mortgage Bonds,
Series K, Due 1983. They will be dated as of September 1, 1958,
will mature September 1, 1983, and will be subject to redemption
at the option of applicant, as a whole or in part, up to and
including August 31, 1959, at the initial public offering price
of the bonds plus 4% of the principal amount, or 104% of the
principal amount, whichever is greater, and thereafter at reducing
premiums, plus, in each case, an amount equal to all accrued and
unpaid interest up to the time of redemption.

The purpose of the proposed financing is to retire and discharge promissory notes which may be outstanding at the time the bond money becomes available and to reimburse the company's treasury for moneys expended for the acquisition of property and for the construction, completion, extension or improvement of its plant and facilities. The application shows, among other things, that as of June 30, 1958, applicant had outstanding \$7,000,000 of short-term bank loans and that it had made expenditures for capital purposes of \$108,966,846 which had not been provided through the issue of securities. The application further shows that applicant is engaged in an extensive program which will call for construction expenditures during 1958-1959 of \$271,462,140, as set forth in some detail in Exhibit C.

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

	<u>1958</u>	<u>1959</u>	<u>Total</u>
Internal funds	\$ 58,859,214	\$ 49,921,790	\$108,781,004
Salvage recoveries	6,325,438	13,134,210	19,459,648
Proceeds from prior bond issues	9,000,000	-	9,000,000
Sale of preferred stock	24,971,488	-	24,971,488
Proposed sale of bonds	50,000,000	-	50,000,000
Additional cash requirements	<u>7,000,000</u>	<u>52,250,000</u>	<u>59,250,000</u>
Total	<u>\$156,156,140</u>	<u>\$115,306,000</u>	<u>\$271,462,140</u>

The tabulation indicates that the sale of the Series K bonds at this time will not be sufficient to carry applicant through the remainder of the year and that additional funds of \$7,000,000 must

be obtained from other sources, with capital issues being required to continue its present program through 1959. In the past, applicant has met its 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 proposed sale of Series K bonds, are as follows:

Bonds	51%
Debentures	1
Preferred and preference stock	15
Common stock equity	<u>33</u>
Total	<u>100%</u>

A review of the application shows that applicant intends to use an amount of treasury funds at least equal to the amount by which it seeks to reimburse its treasury for the purpose of financing, in part, its continuing construction program. It clearly appears to us that applicant will have need for the proceeds from the sale of its bonds, as now proposed, for the purposes indicated in this application and 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, 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 \$50,000,000 in aggregate principal amount of its First and Refunding Mortgage Bonds, Series K, Due 1983, 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 \$50,000,000 of bonds at the price offered in said bids which shall provide the lowest annual cost of money to applicant.
3. Southern California Edison Company may execute a seventeenth 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 \$50,000,000 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 \$15,500.

Dated at San Francisco, California, this 12th day of August, 1958.

[Signature]
President
[Signature]
[Signature]

Commissioners
PUBLIC UTILITIES COMMISSION
STATE OF CALIFORNIA
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