

ORIGINAL

Decision No. 59529

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
\$30,000,000 aggregate principal
amount of its First and Refunding
Mortgage Bonds, Series L, Due 1985,
and to execute and deliver an
Eighteenth Supplemental Indenture.

Application No. 41807

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 \$30,000,000 of bonds.

Applicant intends to offer the bonds for sale at competitive 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. The bonds will be dated as of February 1, 1960, will mature February 1, 1985, and will be subject to redemption at the option of applicant, as a whole or in part, up to and including January 31, 1961, at the sum of (i) the initial public offering price, or the principal amount, whichever is greater, and (ii) that percentage of the principal amount equal to the annual interest rate of the bonds specified in the successful bid, and thereafter at annually reducing premiums, plus, in each case, an amount equal to all accrued and unpaid interest up to the date of redemption,

provided, however, that the bonds shall not be redeemed prior to February 1, 1965, if such redemption is for the purpose or in anticipation of refunding through the use of funds borrowed at an effective interest cost to the company of less than the effective interest cost of said bonds.

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 applicant has made expenditures for capital purposes of \$164,296,950 as of November 30, 1959, 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 the year 1959 of \$126,158,478 and during the year 1960 of \$121,969,011, or a total of \$248,127,489, as set forth in some detail in Exhibit C, attached to the application.

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

	<u>1959</u>	<u>1960</u>	<u>Total</u>
Internal funds	\$ 52,766,113	\$ 61,926,321	\$114,692,434
Salvage recoveries	14,146,187	2,042,690	16,188,877
Proceeds from prior bond issues	7,000,000	-	7,000,000
Sale of common shares	29,246,178	-	29,246,178
Proposed sale of bonds	23,000,000	7,000,000	30,000,000
Additional cash requirements	-	51,000,000	51,000,000
Total	<u>\$126,158,478</u>	<u>\$121,969,011</u>	<u>\$248,127,489</u>

The tabulation indicates that the sale of the Series L bonds at this time will provide sufficient funds to complete the 1959 construction program and will leave \$7,000,000 to finance, in part, the 1960 construction program with the remainder of the 1960 requirements being obtained from other sources. 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 L bonds, are as follows:

Bonds	50.78%
Debentures	0.18
Preferred and preference stock	13.80
Common stock equity	<u>35.24</u>
Total	<u>100.00%</u>

A review of the application shows, and we so find, (1) 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; (2) that applicant will have need for the proceeds from the sale of its Series L bonds, as now proposed, for the purposes indicated in this application; and (3) that the inclusion of a five-year restrictive redemption provision in the present offering will enable applicant to secure funds at a lower interest cost, which will inure to the benefit of its consumers. Based on the foregoing, 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 not to exceed \$30,000,000 aggregate principal amount of its First and Refunding Mortgage Bonds, Series L, Due 1985, 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 not to exceed \$30,000,000 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 an eighteenth supplemental trust 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 \$30,000,000 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 \$10,500.

Dated at San Francisco, California, this

14th day of January, 1960.

Ernest W. Deag
President

W. E. Deag

E. J. Deag

Theodore Deag

Commissioners

