

ORIGINAL

Decision No. 65320

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 \$60,000,000 aggregate principal amount of its First and Refunding Mortgage Bonds, Series Q, Due 1988, and to execute and deliver a Twenty-Third Supplemental Indenture.

Application No. 45347
Filed April 17, 1963

O P I N I O N

This is an application for an order of the Commission authorizing Southern California Edison Company, applicant herein, to execute a supplemental indenture, and to issue and sell \$60,000,000 principal amount of First and Refunding Mortgage Bonds, Series Q, Due 1988, for the purpose, generally, of obtaining funds to reimburse its treasury, to finance the cost of properties and the construction, completion, extension and improvement of its facilities, and to meet the cost of refunding \$32,400,000 principal amount of its First and Refunding Mortgage Bonds, Series of 3s, Due 1965.

The company estimates that for each of the years 1963, 1964 and 1965, its new money requirements for new plant will be approximately \$60,000,000. In addition, applicant reports that it will be required to pay, by September 1, 1965, \$75,600,000 principal amount of bonds of its Series of 3s, and, by

September 1, 1964, \$30,000,000 principal amount of bonds of its Series of 3-1/4s. Its requirements for these purposes will necessitate entering the security markets to obtain approximately \$285,000,000.

Applicant reports that on November 8, 1962, it retired \$32,400,000 principal amount of its Series of 3s, which reduced the outstanding balance of the original issue from \$108,000,000 to \$75,600,000, and that it proposes to retire an additional \$32,400,000 principal amount during 1963, thus enabling it to avoid a single \$108,000,000 refunding offering in 1965, in addition to other offerings for plant additions in that year. The \$32,400,000 of bonds to be redeemed will require the payment of aggregate premiums of \$243,000 which applicant proposes to charge to surplus.

The company intends to sell its new bonds at competitive bidding, the successful bid to determine the interest rate. The bonds will be dated as of May 15, 1963, will mature May 15, 1968, and will carry a five-year restricted redemption provision similar to that frequently employed in bond offerings at the present time. Applicant reports that it has investigated the advisability of including such a provision and has concluded that this feature will result in a lower cost of money than otherwise would prevail and will tend to broaden the market among institutional buyers.

Obviously, it will be necessary for applicant to pay a higher interest rate on the bonds it proposes to sell at this time than it does on the bonds it proposes to redeem; however, it is clear that there is a practical limitation to the volume of financing the company can undertake and accomplish under reasonable terms during any twelve-months' period, and that applicant's management, in the exercise of its judgment, looking to the future, has concluded it is necessary and desirable, in arranging the company's financial program, to make provision for reducing its annual offerings to more manageable proportions.

The Commission has considered this application and finds that -

1. The proposed bond issue is for proper purposes.
2. Applicant will have need for funds from external sources for the purposes set forth in this application.
3. The inclusion of the five-year restricted redemption provision in the terms of the bonds will enable applicant to obtain its funds at a lower annual cost than it otherwise could.
4. The money, property or labor to be procured or paid for by the issue of the bonds herein authorized is reasonably required for the purposes specified herein, which purposes, except as otherwise authorized, are not, in whole or in part, reasonably chargeable to operating expenses or to income.
5. A public hearing is not necessary.

We will enter an order granting the application. The action taken herein is for the purpose of this proceeding only and is not to be construed as indicative of amounts to be included in a rate base in future proceedings for the purpose of determining just and reasonable rates.

O R D E R

IT IS ORDERED that:

1. Southern California Edison Company, on or after the effective date hereof and on or before August 31, 1963, may issue, sell and deliver not to exceed \$60,000,000 aggregate principal amount of its First and Refunding Mortgage Bonds, Series Q, Due 1988, at competitive bidding at the price offered in the bids which will result in the lowest annual cost of money to applicant calculated in the manner provided in the bidding papers annexed to the application as Exhibit F, and may execute and deliver a Twenty-Third Supplemental Indenture in the same form, or substantially in the same form, as that annexed to the application as Exhibit E.

2. The invitation for the submission of written sealed bids for the purchase of said bonds may be given by publication not less than five days prior to the date set for the opening of the bids.

3. Southern California Edison Company shall use the proceeds from the sale of said bonds, exclusive of accrued interest, in the manner and 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.

4. Immediately upon awarding the contract for the sale of said \$60,000,000 principal amount of bonds, Southern California Edison Company shall file a written report with the Commission ^{showing,} ~~showing,~~ as to each bid received, the name of the bidder, the price, the interest rate and the cost of money to applicant based upon such price and interest rate.

5. Within thirty 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 said 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.

6. The authority herein granted shall become effective when Southern California Edison Company has paid the fee prescribed by Section 1904(b) of the Public Utilities Code, which fee is \$9,900.

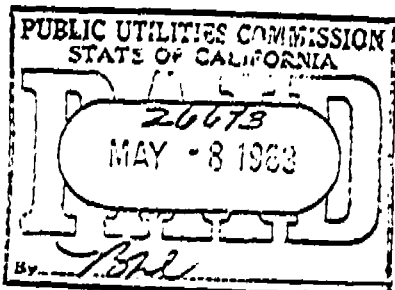
Dated at Los Angeles, California,
this 7th day of MAY, 1963.

George H. Hoover
President

[Signature]

Fredrick B. Holloeff

William W. Quinn



Commissioner Everett C. McKeage, being necessarily absent, did not participate in the disposition of this proceeding.