

ORIGINAL

Decision No. 68488

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 S, Due 1990,)
 and to execute and deliver a)
 Twenty-Fifth Supplemental Indenture)
 and an Instrument of Further)
 Assurance.)

Application No. 47222
Filed December 30, 1964

O P I N I O N

This is an application for an order of the Commission authorizing Southern California Edison Company to execute a Twenty-Fifth Supplemental Indenture and an Instrument of Further Assurance, and to issue and sell, at competitive bidding, \$60,000,000 principal amount of First and Refunding Mortgage Bonds, Series S, Due 1990.

Applicant proposes, and seeks authorization, to use the proceeds from the issue and sale of the bonds, after paying expenses incident to such issue and sale, (1) to retire and to discharge short-term promissory notes issued, or to be issued, in an estimated amount of not to exceed \$15,000,000 by the time the bond proceeds become available, and (2) to reimburse its treasury for moneys actually expended from income or from other moneys in its treasury not secured by or obtained from the issue

of securities, for the acquisition of property and the construction, completion, extension or improvement of facilities, exclusive of maintenance of service and replacements.

The application shows that the company has had and will have need for proceeds from the issue of its short-term notes and for treasury funds to meet its capital requirements. Applicant reports cash requirements during 1965 and 1966 for capital additions and for repayment of certain notes and bonds, as follows:

| | <u>1965</u> | <u>1966</u> | <u>Total</u> |
|-----------------------|-----------------------------|-----------------------------|-----------------------------|
| To repay notes | \$ 4,500,000 | \$ - | \$ 4,500,000 |
| To repay bonds | 37,884,000 | - | 37,884,000 |
| For gross additions - | | | |
| Production | 63,551,349 | 81,844,427 | 145,395,776 |
| Transmission | 46,375,664 | 72,994,318 | 119,369,982 |
| Distribution | 82,101,232 | 80,790,001 | 162,891,233 |
| Other | 14,922,417 | 13,129,737 | 28,052,154 |
| Overhead | <u>7,500,000</u> | <u>7,500,000</u> | <u>15,000,000</u> |
| Total | <u>\$256,834,662</u> | <u>\$256,258,483</u> | <u>\$513,093,145</u> |

The company has met, or proposes to meet, its expenditures with moneys obtained, or to be obtained, from the following sources:

| | <u>1965</u> | <u>1966</u> | <u>Total</u> |
|--|-----------------------------|-----------------------------|-----------------------------|
| Salvage | \$ 13,550,467 | \$ 14,900,000 | \$ 28,450,467 |
| Internal funds | 97,425,035 | 100,999,323 | 198,424,358 |
| Series S bonds | 60,000,000 | - | 60,000,000 |
| Price adjustments on purchases of electrical equipment | 359,160 | 359,160 | 718,320 |
| To be financed | <u>85,500,000</u> | <u>140,000,000</u> | <u>225,500,000</u> |
| Total | <u>\$256,834,662</u> | <u>\$256,258,483</u> | <u>\$513,093,145</u> |

Applicant intends to sell its new bonds at competitive bidding, the successful bid to determine the interest rate. The bonds will be dated as of February 15, 1965, will mature February 15, 1990, and will carry a five-year restricted redemption similar to that frequently employed in bond offerings at the present time. The company 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. Its capital ratios as of November 30, 1964, and as adjusted to give effect to the proposed issue as computed from the balance sheet attached to the application, are as follows:

| | <u>Nov. 30, 1964</u> | <u>Pro Forma</u> |
|---------------------|--------------------------|------------------|
| Long-term debt | 52% | 53% |
| Preferred stock | 8 | 8 |
| Common stock equity | <u>40</u> | <u>39</u> |
| Total | <u>100%</u> | <u>100%</u> |

The Commission has considered this matter 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. Applicant's ability to meet its public service responsibilities will not be impaired by the proposed financing.
4. Applicant will be required to pay a lower interest rate than it would in the absence of a restricted redemption provision.

5. 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 for accrued interest, are not, in whole or in part, reasonably chargeable to operating expenses or to income.

On the basis of the foregoing findings we conclude that the application should be granted. A public hearing is not necessary. 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 proceedings for the determination of 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 July 31, 1965, may issue, sell and deliver not to exceed \$60,000,000 aggregate principal amount of its First and Refunding Mortgage Bonds, Series S, Due 1990, 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-Fifth Supplemental Indenture and an Instrument of Further Assurance in the same form, or in substantially the same form, as those annexed to the application as Exhibits E and G, respectively.

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, 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, 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 with the Commission three copies of its prospectus.

6. This order shall become effective five days after the date hereof, provided Southern California Edison Company has

paid the fee prescribed by Section 1904 (b) of the Public Utilities Code, which fee is \$18,000.

Dated at San Francisco, California,
this 14th day of JANUARY, 1965.

Fredrick B. Halchoff
President

D. E. [unclear]

George E. Grover

William A. Bennett

Commissioners

