

ORIGINAL

Decision No. 69978

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 \$75,000,000 aggregate principal amount of its First and Refunding Mortgage Bonds, Series T, Due 1990, and to execute and deliver a Twenty-Sixth Supplemental Indenture.

Application No. 48024
Filed November 3, 1965

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-Sixth Supplemental Indenture, and to issue and sell, at competitive bidding, \$75,000,000 principal amount of First and Refunding Mortgage Bonds, Series T, Due 1990.

Applicant proposes 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 discharge short-term promissory notes which may be outstanding in an estimated principal amount of not to exceed \$10,000,000 as of the date of receipt of the proceeds from the bonds; 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 its 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 from treasury funds to meet its capital requirements.

Applicant reports uncapitalized construction expenditures amounting to \$322,907,967 as of September 30, 1965, which have not been reimbursed from security issue proceeds, and it estimates expending an amount of \$498,856,446 for its construction program during the years 1965 and 1966.

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 December 15, 1965, will mature December 15, 1990, and will carry a five-year restricted redemption provision similar to that frequently employed in bond offerings at the present time. Its capital ratios as of September 30, 1965, and as adjusted to give effect to the proposed issue as computed from the balance sheet attached to the application, are as follows:

| | <u>Sept. 30, 1965</u> | <u>Pro Forma</u> |
|---------------------|-----------------------|------------------|
| Long-term debt | 54% | 56% |
| Preferred stock | 7 | 7 |
| Common stock equity | <u>39</u> | <u>37</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 has need for funds from external sources for the purposes set forth in this application.
3. The inclusion of a five-year restricted redemption provision in the terms of the bonds will enable applicant to obtain 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 for accrued interest, are not, in whole or in part, reasonably chargeable to operating expenses or to income.
5. The proposed supplemental indenture will not be adverse to the public interest.

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.

ORDER

IT IS ORDERED that:

1. Southern California Edison Company may execute and deliver a Twenty-Sixth Supplemental Indenture in the same form, or in substantially the same form, as that filed in this proceeding as Exhibit E.
2. Southern California Edison Company may invite the submission of written sealed bids for the purchase of not to exceed \$75,000,000 aggregate principal amount of its First and Refunding Mortgage Bonds, Series T, Due 1990, such invitation to be published at least five days prior to the date set for the opening of the bids.

3. Southern California Edison Company may issue, sell and deliver said bonds in the aggregate principal amount of not to exceed \$75,000,000 at the price offered in said bids which will result in the lowest annual cost of money to applicant determined in the manner referred to in the application.

4. 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, if any, 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 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.

6. 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 pertaining to the said bonds.

7. Within six months after such issue and sale, Southern California Edison Company shall file with the Commission a statement, in lieu of a report under General Order No. 24-B, disclosing the purposes for which the bond proceeds were used.

8. This order shall become effective on the day of payment by Southern California Edison Company of the fee prescribed by Section 1904(b) of the Public Utilities Code, which fee is \$21,750, or on the fifth day after the date hereof, whichever day is later.

Dated at San Francisco, California,
this 23rd day of NOVEMBER, 1965.

[Signature] President
George H. Chover
Sullivan B. Brewer
[Signature] Commissioners

Commissioner Frederick B. Holoboff, being necessarily absent, did not participate in the disposition of this proceeding.

