

ORIGINAL

Decision No. 70602

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
Petition for Modification
Filed April 5, 1966

FIRST SUPPLEMENTAL OPINION

By Decision No. 69978, dated November 23, 1965, in the above-entitled matter, the Commission authorized Southern California Edison Company to execute a Twenty-Sixth Supplemental Indenture and to issue and sell, at competitive bidding, \$75,000,000 aggregate principal amount of First and Refunding Mortgage Bonds, Series T, Due 1990, under the terms and for the purposes set forth in the application.

According to the Petition for Modification, the adverse bond marketing conditions which prevailed in December, 1965, caused petitioner to defer indefinitely the proposed bond offering. The company contemplates rescheduling the issue and sale of said bonds and has filed this Petition for Modification seeking appropriate changes in the Opinion and Order of said Decision No. 69978.

Petitioner proposes to issue and sell its First and Refunding Mortgage Bonds, Series T, at competitive bidding, the successful bid to determine the interest rate. The bonds will now be dated as of May 15, 1966, will mature May 15, 1991, and will carry a five-year restricted redemption provision similar to that frequently found in bond offerings at the present time. They will be secured by an existing indenture as heretofore supplemented and as further supplemented by a Twenty-Sixth Supplemental Indenture.

After paying expenses incident to the issue and sale of said bonds, the company plans to use the proceeds, exclusive of accrued interest, (a) to retire and discharge short-term notes, drafts and bills of exchange and (b) to the extent that any of said proceeds may then remain available, to reimburse its treasury for moneys actually expended from income or from any other money 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. Petitioner states that the accrued interest, if any, will be used for any of said purposes or for general corporate purposes.

The petition shows that the utility's uncapitalized construction expenditures were approximately \$360,726,000 as of February 28, 1966, which amount has not been reimbursed from security issue proceeds, and that an estimated sum of \$577,419,560 will be expended for the company's construction program during the years 1966 and 1967.

Petitioner's reported capital ratios as of February 28, 1966, and as adjusted to give effect to the proposed bond issue, are as follows:

	<u>Feb. 28, 1966</u>	<u>Pro Forma</u>
Long-term debt	52.7%	54.5%
Preferred stock	7.4	7.1
Common stock equity	<u>39.9</u>	<u>38.4</u>
Total	<u>100.0%</u>	<u>100.0%</u>

The Commission has considered the Petition for Modification and finds that: (1) the proposed bond issue is for proper purposes; (2) petitioner has need for funds from external sources for the purposes set forth in the petition; (3) petitioner will be required to pay interest at a lower effective rate than it would in the absence of a restricted redemption provision; (4) the proposed Twenty-Sixth Supplemental Indenture will not be adverse to the public interest; (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; and (6) such purposes, except as otherwise authorized for accrued interest, are not, in whole or in part, reasonably chargeable to operating expenses or to income. A public hearing is not necessary.

On the basis of the foregoing findings we conclude that the Petition for Modification should be granted. 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.

FIRST SUPPLEMENTAL 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 attached to the petition as Exhibit E-1.

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 1991, 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 petitioner calculated in the manner provided in the Statement of Terms and Conditions Relating to Bids attached to the petition as a part of Exhibit F-1.

4. Southern California Edison Company shall use the proceeds from the sale of said bonds for the purposes set forth in the petition.

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 cost of money to petitioner 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 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. Decision No. 69978, dated November 23, 1965, in this proceeding is hereby modified to the extent that it is inconsistent with this decision.

9. The effective date of this First Supplemental Order shall be five days after the date hereof.

Dated at San Francisco, California, this 26th day of APRIL, 1966.

Fredrick B. Holaluff
President

George H. Crover
Attorney

William W. Bennett
Commissioners

