

Decision No. 78445

ORIGINAL

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 3,000,000 shares of)
Common Stock of the par value)
of \$8-1/3 per share.)

Application No. 52472
Filed March 1, 1971

O P I N I O N

Southern California Edison Company requests an order of the Commission authorizing it to issue, sell and deliver not exceeding 3,000,000 shares of its common stock of the par value of \$8-1/3 per share.

After payment and discharge of obligations incurred for expenses incident to the issuance and sale of said stock, applicant proposes to use the stock proceeds to retire and discharge certain short-term obligations, and to reimburse its treasury for capital expenditures. The utility reports uncapitalized construction expenditures of \$526,549,803 as of December 31, 1970, and estimates that the gross expenditures for its construction program during the years 1971 and 1972 will approximate \$651,600,000.

The company contemplates that a nationwide group of investment banking firms will underwrite the new stock issue. The purchase price per share for the stock to be paid to applicant by the underwriters is to be at least 97% of the initial public offering price determined on the basis of reported prices or quotations of applicant's outstanding common stock on the New York Stock Exchange immediately prior to such determination. The

initial public offering price per share will be not higher than the reported last sale price (regular way) or the reported last asked price, whichever is higher, plus an amount equal to the New York Stock Exchange commission per share on a transaction of 100 shares, and not lower than 50 cents under either such reported last sale price or the reported last bid price, whichever is lower.

Applicant's capital ratios as of December 31, 1970, and as adjusted to give effect to the proposed stock issue assuming a price of \$30 per share, are obtained from the application as follows:

	<u>Dec. 31, 1970</u>	<u>Pro Forma</u>
Long-term debt	53.2%	51.6%
Preferred and preference stock	12.4	12.0
Common stock equity	<u>34.4</u>	<u>36.4</u>
Total	<u>100.0%</u>	<u>100.0%</u>

After consideration the Commission finds that:

1. The proposed stock issue is for proper purposes.
2. Applicant has need for external funds for the purposes set forth in this proceeding.
3. The money, property or labor to be procured or paid for by the issue of the stock herein authorized is reasonably required for the purposes specified herein, which purposes are not, in whole or in part, reasonably chargeable to operating expenses or to income.
4. The proposed Underwriting Agreement would 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. In issuing our order herein, we place applicant and its shareholders on notice that we do not regard the number of shares

outstanding, the total par value of the shares nor the dividends paid as measuring the return it should be allowed to earn on its investment in plant, and that the authorization herein granted is not to be construed as a finding of the value of the company's stock or properties nor 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 June 30, 1971, may issue, sell and deliver not exceeding 3,000,000 shares of its common stock of the par value of \$8-1/3 per share, and of the aggregate par value of not exceeding \$25,000,000, at the initial public offering price less an underwriting discount, each to be determined as provided in the application.
2. Southern California Edison Company shall apply the proceeds from the sale of said common stock to the purposes referred to in the application.
3. As soon as available, Southern California Edison Company shall file with the Commission three copies of its prospectus pertaining to said stock.
4. Within two months after issuing and selling the stock herein authorized, 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 to which the stock proceeds were applied.

5. This order shall become effective when Southern California Edison Company has paid the fee prescribed by Section 1904.1 of the Public Utilities Code, which fee is \$54,469.

Dated at San Francisco, California, this 23rd day of MARCH, 1971.

[Signature]
Chairman

[Signature]
Vernon L. Sturgeon

[Signature]
Commissioners

Commissioner William Symons, Jr., being necessarily absent, did not participate in the disposition of this proceeding.

