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Decision No. 81485

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 by private placement )  
to an institutional investor not to )  
exceed 750,000 shares of \$100 )  
Cumulative Preferred Stock, 7.325% )  
Series, \$100 Par Value. )

Application No. 54053  
(Filed May 22, 1973)

O P I N I O N

Southern California Edison Company seeks authority to issue and sell by private placement to an institutional investor 750,000 shares of its \$100 Cumulative Preferred Stock.

After payment and discharge of obligations incurred for expenses incident to the issuance and sale of said stock, including a maximum placement fee of \$225,000, applicant proposes to use the stock proceeds (a) to retire and discharge short-term obligations, (b) to reimburse its treasury for monies used to retire and discharge \$40,000,000 principal amount of its First and Refunding Mortgage Bonds, Series A, (c) to retire and discharge \$25,000,000 principal amount of its First and Refunding Mortgage Bonds, Series B, and (d) to reimburse its treasury for capital expenditures.

The utility reports uncapitalized construction expenditures of \$513,710,000 as of March 31, 1973, and estimates that the gross expenditures for its construction program during the years 1973 and 1974 will approximate \$1,003,131,000.

Applicant's reported capital ratios as of March 31, 1973, and as adjusted to give effect to the proposed stock issue, are as follows:

	<u>March 31, 1973</u>	<u>Pro forma</u>
Long-term debt	51.7%	50.6%
Preferred and preference stock	12.9	14.8
Common stock equity	<u>35.4</u>	<u>34.6</u>
Total	<u>100.0%</u>	<u>100.0%</u>

The company plans to sell the new stock to Metropolitan Life Insurance Company substantially on the terms and conditions described in a Summary of Proposed Principal Business Provisions, a copy of which is attached to the application. Among other things, the summary indicates an annual dividend rate of 7.325%, the sale of the shares at par plus accrued dividends, if any, and restrictions upon redemption until July 31, 1978, together with high redemption premiums to July 31, 1983.

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 proposed restricted redemption provisions are reasonable.
4. 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.

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.

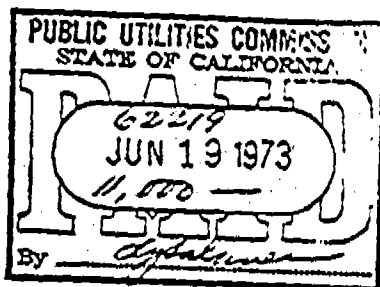
O R D E R

IT IS ORDERED that:

1. Southern California Edison Company, on or after the effective date hereof and on or before December 31, 1973, may issue, sell and deliver, at a price of not less than \$100 per share not exceeding 750,000 shares of its \$100 Cumulative Preferred Stock, 7.325% Series, of the aggregate par value of not exceeding \$75,000,000, upon substantially the terms and conditions set forth in the application.
2. Southern California Edison Company shall apply the proceeds from the sale of said stock to the purposes set forth in the application.
3. As soon as available, Southern California Edison Company shall file with the Commission a copy of the Purchase Agreement pertaining to said stock as actually executed.
4. Southern California Edison Company shall file with the Commission the reports required by General Order No. 24-B, which order, insofar as applicable, is hereby made a part of this order.

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 \$11,000.

Dated at San Francisco, California, this 19th day of June, 1973.



*Vermon L. Steigman*  
President  
*William J. Lyons, Jr.*  
*Alfred J. ...*  
*Ed ...*  
Commissioners

Commissioner J. P. Vukasin, Jr., being necessarily absent, did not participate in the disposition of this proceeding.