

LAM

Decision No. 83569

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 exceeding 4,000,000 shares)
of Common Stock of the par)
value of \$8-1/3 per share.)

Application No. 55174
(Filed September 16, 1974)

O P I N I O N

Southern California Edison Company seeks authority to issue, sell and deliver not exceeding 4,000,000 shares of its \$8-1/3 par value common stock.

After payment and discharge of obligations incurred for expenses incident to the issuance and sale of stock, applicant proposes to use the stock proceeds to reimburse its treasury for capital expenditures, and thereafter to repay a portion of its outstanding short-term obligations. The utility reports uncapitalized construction expenditures of \$541,384,000 as of July 31, 1974, and estimates that the gross expenditures for its construction program during the years 1974 and 1975 will approximate \$880,000,000.

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 would be the initial public offering price less a specified amount per share for compensation of the underwriters, and the initial public offering price would be

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 would be not higher than the reported last sale price (regular way) or the reported last asked price, whichever is higher, plus the amount of any concession allowed to dealers, 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 July 31, 1974, and as adjusted to give effect to the proposed stock issue assuming a price of \$17.50 per share and to the bonds involved in Application No. 55175, as summarized from the application, are as follows:

	<u>July 31, 1974</u>	<u>Pro forma</u>
Long-term debt	49.4%	49.8%
Preferred and preference stock	15.1	14.4
Common stock equity	<u>35.5</u>	<u>35.8</u>
Total	<u>100.0%</u>	<u>100.0%</u>

After consideration the Commission finds that:

1. The proposed stock would be for a proper purpose.
2. Applicant has need for external funds for the purpose set forth in this proceeding.
3. The money, property or labor to be procured or paid for by the stock herein authorized is reasonably required for the purpose specified herein, which purpose is 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:

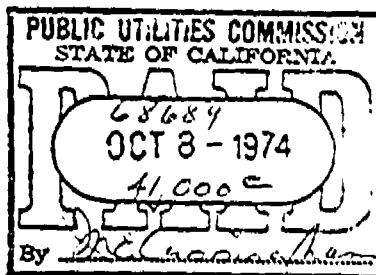
1. Southern California Edison Company, on or after the effective date hereof and on or before March 31, 1975, may issue, sell and deliver not exceeding 4,000,000 shares of its common stock of the par value of \$8-1/3 per share at the initial public offering price less an underwriting discount, each to be determined as provided in the application.
2. Southern California Edison Company shall apply the net proceeds from the sale of said common stock to the purpose set forth 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.

A.55174 LAM

4. Within one month 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 purpose 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 \$41,000.

Dated at San Francisco, California, this 8th day of OCTOBER, 1974.



Vernon L. Sturges
President
William J. Quong Jr.
J. J. Williams
Mark S. ...
...
Commissioners