

ORIGINAL

Decision No. 84467

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 2,000,000)
 shares of Cumulative Preferred Stock,)
 \$25 Par Value.)

Application No. 55667
 (Filed May 5, 1975)

O P I N I O N

Southern California Edison Company seeks authority to issue, sell and deliver not exceeding 2,000,000 shares of its Cumulative Preferred Stock having a par value of \$25 per share.

The utility intends to use the net proceeds to be derived through the issue and sale of the preferred stock to reimburse its treasury for uncapitalized construction expenditures.

The company's capital ratios as of March 31, 1975, and as adjusted to give effect to the proposed preferred stock issue, are reported as follows:

	<u>March 31, 1975</u>	<u>Pro forma</u>
Long-term debt	51.2%	50.6%
Preferred and preference stock	13.7	14.8
Common stock equity	<u>35.1</u>	<u>34.6</u>
Total	<u>100.0%</u>	<u>100.0%</u>

The new stock issue would consist of not exceeding 2,000,000 shares of \$25 par value preferred stock. The offering would be underwritten by a nationwide group of investment banking firms represented by The First Boston Corporation, Dean Witter & Co. Incorporated, Blyth Eastman Dillon & Co. Incorporated and

Merrill Lynch, Pierce, Fenner & Smith Incorporated. Negotiations would include the underwriters' compensation, the final form of the Underwriting Agreement, the price, the dividend rate, the redemption provisions, the voluntary liquidation provisions, and the sinking fund provisions, if any. The utility anticipates restrictions upon redemption prior to July 1, 1980.

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 proposed restricted redemption provision is reasonable.
4. 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.

Applicant is hereby placed on further notice that, if the Commission should believe the negotiated price, dividend rate or underwriters' compensation pertaining to the proposed stock issue would result in excessive effective costs, it would take into consideration in rate proceedings only that which it deems reasonable.

O R D E R

IT IS ORDERED that:

1. Southern California Edison Company may issue, sell and deliver, in accordance with terms and provisions consistent with the application, not exceeding 2,000,000 shares of its \$25 par value Cumulative Preferred Stock at a price of not less than the par value thereof.

2. Southern California Edison Company shall apply the net proceeds from the sale of said stock to the purpose set forth in the application.

3. Promptly after Southern California Edison Company ascertains the price, dividend rate and underwriters' compensation pertaining to the preferred stock herein authorized, the company shall notify the Commission of each in writing.

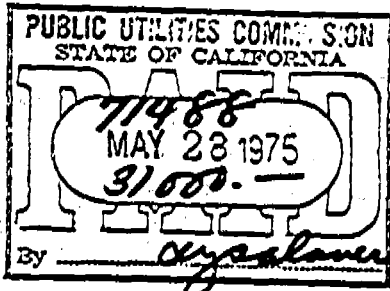
4. As soon as available, Southern California Edison Company shall file with the Commission three copies of its final prospectus pertaining to said stock.

5. 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.

6. 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 \$31,000.

Dated at San Francisco, California, this 28th day of May, 1975.

William Synard President
Leonard
Commissioners



Commissioner Vernon L. Sturgeon, being necessarily absent, did not participate in the disposition of this proceeding.

Commissioner Robert Batinevich, being necessarily absent, did not participate in the disposition of this proceeding.