

ORIGINAL

Decision 82 06 058 JUN 15 1982

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of SOUTHERN CALIFORNIA)
EDISON COMPANY to issue, sell and)
deliver in one or more issues an)
aggregate amount of not to exceed)
2,000,000 shares of Common Stock)
of the par value of \$8-1/3 per)
share.)

Application 82-04-23
(Filed April 9, 1982)

O P I N I O N

Southern California Edison Company (Edison) requests authority, under Public Utilities (PU) Code Sections 816 through 818 for the following:

1. To issue, sell, and deliver in one or more issues at any time or times an aggregate amount of not exceeding 2,000,000 additional shares of its common stock, \$8-1/3 par value, and related beneficial interests (New Stock), together with 1,060,000 previously authorized but unissued shares of such common stock and related beneficial interests, under its Employee Stock Purchase Plan, as amended; and
2. To use the net proceeds from such sales to reimburse its treasury for capital expenditures.

Notice of the filing of the application appeared on the Commission's Daily Calendar of April 13, 1982. No protests have been received.

Edison has previously received authorization from the Commission to issue and sell its common stock by the terms of Edison's Employee Stock Purchase Plan (Plan). The most recent

authorization was granted in Decision (D.) 90059, dated March 13, 1979 in Application (A.) 58606, which authorized issuance of 3,500,000 shares. Of that amount 1,060,000 shares remain authorized and unissued. Because Edison is exhausting such previously authorized common stock and because Edison has recently amended the terms of the Plan, Edison now seeks authorization from the Commission to issue 2,000,000 additional shares of New Stock together with the previously authorized common stock and related beneficial interests under the Plan, as amended.

The amendments to the Plan provide that each participant in the Plan who has attained the age of 55 years may allocate his or her accumulated contributions into various investment options within the Plan. These investment options currently include a fixed income fund, an equity index fund, and a money market fund, in addition to common stock of Edison. A copy of the Plan, as amended, is attached to the application as Exhibit E.

The New Stock, and the previously authorized but unissued shares of common stock, will be purchased from Edison by First Interstate Bank of California, Trustee under the Plan, for the account of participating employees, using contributions made by Edison and participating employees under the Plan. The price at which common stock is purchased by the Trustee from Edison is calculated by the formula set forth in Article D of the Trust Agreement dated as of January 1, 1982. A copy of such Trust

Agreement was attached to the application as Exhibit F.

Edison proposes to first issue common stock and beneficial interests under the Plan, as amended, on July 1, 1982.

Edison, a California corporation, engages primarily in the business of generating, purchasing, transmitting, distributing and selling electric energy in portions of central and southern California as a public utility subject to the jurisdiction of this Commission.

For the year ended December 31, 1981, Edison reported total operating revenues of \$4,054,356,000 and net income of \$489,912,000 shown as part of Exhibit A attached to the application.

Edison's Balance Sheet as of December 31, 1981, attached to the application as part of Exhibit A, is summarized as follows:

<u>Assets</u>	<u>Amount</u>
Net Utility Plant	\$7,502,458,000
Other Property and Investment - Net	133,752,000
Current Assets	1,042,762,000
Deferred Debits	<u>49,571,000</u>
Total	\$8,728,543,000
<u>Liabilities and Equity</u>	
Common Equity	\$2,968,108,000
Preferred/Preference Stock	875,808,000
Long-Term Debt	3,444,080,000
Current Liabilities	1,086,916,000
Reserves and Deferred Credits	<u>353,631,000</u>
Total	\$8,728,543,000

Edison's capital ratios reported as of December 31, 1981 are shown below as recorded and adjusted to give pro forma effect to the transactions that follow:

	<u>December 31, 1981</u>	<u>Pro Forma</u>
Long-Term Debt	48.1%	48.6%
Preferred/Preference Stock	11.8	11.5
Common Equity	<u>40.1</u>	<u>39.9</u>
Total	100.0%	100.0%

1. The proposed issuance of 2,000,000 shares of New Stock at an assumed price of \$31 per share to produce estimated net proceeds of \$62,000,000.
2. The issuance and sale on February 4, 1982 of \$176,800,000 principal amount of Edison's first and refunding mortgage bonds, Series SSP due 1985 (D.93319 dated July 22, 1981 in A.60652).
3. The issuance and sale on February 24, 1982 of 5,000,000 shares of common stock at a price of \$28.625 per share (D.92677 dated November 3, 1981 in A.60926).
4. The issuance and sale on February 1, 1982 of 539,525 shares of common stock under Edison's Dividend Reinvestment and Stock Purchase Plan (D.91434 dated March 18, 1980 in A.59441).
5. The issuance and sale of 73,856 shares of common stock issued under Edison's Employee Stock Ownership Plan of February 1, and April 1, 1982 (D.91198 dated January 8, 1980 in A.59295).
6. The issuance and sale of 248,482 shares of common stock under Edison's Employer Stock Purchase Plan on April 1, 1982 (D.90059 dated March 13, 1979 in A.58606).
7. The issuance and sale of 33,858 shares of common stock due to the conversion of 42,698 shares of preference stock, 5.20% convertible series.

8. The proposed issuance and sale of \$200,000,000 principal amount of first and refunding mortgage bonds, Series TT, due 2012 (D.82-03-018 dated March 2, 1982 in A.82-01-40).
9. The proposed issuance and sale of \$50,000,000 preferred stock (D.92933 dated April 21, 1981 in A.60331).
10. The retirement of \$37,500,000 principal amount of first and refunding mortgage bonds, Series H on February 18, 1982 (D.54469 dated February 5, 1957 in A.38750).

Edison is engaged in an extensive construction program and estimates that the gross expenditure required for this proposed construction program during the calendar years 1982 and 1983 will approximate \$1,677,000,000. Exhibit C, attached to the application, sets forth in detail Edison's construction program, estimated as of December 17, 1981. Following is a summary of that exhibit.

<u>Purpose</u>	<u>1982</u>	<u>1983</u>	<u>Total</u>
Electric Generating Plant	\$ 740,000,000	\$477,000,000	\$1,217,000,000
Electric Transmission Lines and Substation	67,000,000	144,000,000	211,000,000
Electric Distribution Lines and Substation	241,000,000	267,000,000	508,000,000
Other Expenditures	<u>45,000,000</u>	<u>46,000,000</u>	<u>91,000,000</u>
Total	\$1,093,000,000	\$934,000,000	\$2,027,000,000
Less: Allowance for Funds Used During Construction	<u>220,000,000</u>	<u>130,000,000</u>	<u>350,000,000</u>
Funds Used or Required for Construction Expenditures	<u>\$ 873,000,000</u>	<u>\$804,000,000</u>	<u>\$1,677,000,000</u>

The Commission's Revenue Requirements Division has reviewed Edison's 1982 and 1983 construction programs and concludes the estimated construction expenditures are reasonable. The Division has no objection to the proposed security issue specified in the application. The Division reserves the right, however, to reconsider the reasonableness of any specific construction expenditure in future rate proceedings.

As of December 31, 1981, Edison's uncapitalized construction expenditures amounted to approximately \$1,226,685,000. After payment and discharge of obligations incurred for expenses incident to the issuances and sales of the New Stock, Edison proposes to use the proceeds to reimburse Edison for moneys it has actually expended from income or other moneys in its treasury, not secured by or obtained from the issue of stocks or stock certificates or other evidences of interest or ownership, or bonds, notes, or other evidences of indebtedness, for the acquisition of property, or for the construction, completion, extension, or improvement of Edison's facilities exclusive of maintenance of service and replacement. The amounts so reimbursed will become a part of Edison's general treasury funds. Edison proposes to use a portion of such general treasury funds to repay a portion of its short-term bank borrowings, commercial paper and bankers' acceptances

outstanding at the time of Edison's receipt of the proceeds. Edison's outstanding short-term borrowings and commercial paper aggregated approximately \$218,000,000 on April 9, 1982.

The Revenue Requirements Division has analyzed Edison's cash requirements forecast for 1982 and 1983, attached to the application as Exhibit D, and concludes that internally generated funds will provide 23% of the capital expenditures for 1982 and 82% of those estimated for 1983. The Division concludes that the proposed New Stock issue will be necessary to help meet currently forecasted cash requirements.

Findings of Fact

1. Edison, a California corporation, operates as a public utility under the jurisdiction of this Commission.
2. The proceeds of the proposed stock issuance would be used for proper purposes.
3. Edison has need for external funds for the purposes set forth in the application.
4. The provisions of the trust agreement and related beneficial interests conferred under its amended Employee Stock Purchase Plan are reasonable and not adverse to the public interest.

5. The proposed security issue is for lawful purposes and the money, property, or labor to be obtained by it is required for these purposes. Proceeds from the security issue may not be charged to operating expenses or to income.

6. There is no known opposition to the application and no reason to delay granting the authority requested.

Conclusions of Law

1. A public hearing is not necessary.

2. The application should be granted to the extent set forth in the order which follows.

O R D E R

IT IS ORDERED that:

1. Southern California Edison Company (Edison) may issue, sell, and deliver in one or more issues at any time or times an aggregate amount of not exceeding 2,000,000 additional shares of its common stock, \$8-1/3 par value, and related beneficial interests, together with 1,060,000 previously authorized but unissued shares of such common stock and related beneficial interests, under Edison's Employee Stock Purchase Plan, as amended, and the related Trust Agreement.

2. Edison shall use the proceeds from the issuances and sales of the common stock for the purposes set forth in the application.

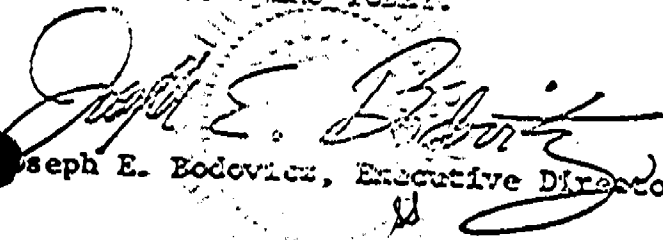
3. On or before the 25th day of a month succeeding a month in which a portion of such common stock is issued, Edison shall file with the Commission a summary showing the total number of shares issued under the authority granted, the price or prices at which the shares were issued, the total proceeds received, and the purpose for which the proceeds were used. These filings shall be in lieu of reports required under General Order Series 24.

4. The authority granted by this order to issue common stock will be effective when Edison pays \$37,000, the fee set by PU Code Section 1904.1.

Dated JUN 15 1982, at San Francisco, California.

JOHN E. BRYSON
President
RICHARD D. CRAVELLE
LEONARD M. GRIMES, JR.
VICTOR CALVO
PRISCILLA C. GREW
Commissioners

I CERTIFY THAT THIS DECISION
WAS APPROVED BY THE ABOVE
COMMISSIONERS TODAY.


Joseph E. Bodovick, Executive Director

