

ORIGINAL

Decision 82 11 055 NOV 17 1982

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of SOUTHERN CALIFORNIA)
EDISON COMPANY for authority to)
issue and sell through its Dividend)
Reinvestment and Stock Purchase Plan))
not exceeding 7,000,000 shares of)
Common Stock of the par value of)
\$8-1/3 per share.)

Application 82-09-38
(Filed September 24, 1982)

O P I N I O N

Southern California Edison Company (Edison) requests authority, under Public Utilities (PU) Code Sections 816 through 818 to issue and sell not exceeding 7,000,000 shares of its common stock having a par value of \$8-1/3 per share in accordance with its Dividend Reinvestment and Stock Purchase Plan (Plan).

Summary of Decision

This decision grants Edison the authority to issue and sell 7,000,000 shares of its common stock in accordance with the Plan.

Notice of the filing of the application appeared on the Commission's Daily Calendar of September 27, 1982. No protests have been received.

Edison is a California corporation primarily engaged 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 the Commission. For the twelve months ended June 30, 1982, the utility reported total operating revenues of \$4,338,656,000 and net income of \$527,238,000, shown as part of Exhibit A attached to the application.

Edison's Balance Sheet as of June 30, 1982, attached to the application as part of Exhibit A, is summarized as follows:

<u>Assets</u>	<u>Amount</u>
Net Utility Plant	\$8,008,582,000
Other Property and Investment - Net	116,936,000
Current Assets	1,177,229,000
Deferred Debits	<u>78,013,000</u>
Total	\$9,380,760,000
 <u>Liabilities and Equity</u>	
Common Equity	\$3,217,341,000
Preferred/Preference Stock	923,376,000
Long-Term Debt	3,639,391,000
Current Liabilities	1,154,547,000
Reserves and Deferred Credits	<u>446,105,000</u>
Total	\$9,380,760,000

One million shares of common stock were initially authorized for the Plan by Decision (D.) 84882, dated September 10, 1975, in Application (A.) 55870 and the first shares were issued in February 1976. An additional 2,100,000 shares were authorized for the Plan by D. 89463 dated October 3, 1978, in A.58268. By D.91434, dated March 18, 1980, in A.59441, 6,000,000 additional shares were authorized for the Plan. The Plan provides the utility's common shareholders with a simple and convenient method of reinvesting cash dividends and investing limited supplemental cash payments in additional shares of common stock of Edison. The Bank of America National Trust and Savings Association (Bank) currently acts as agent for the participating common stock shareholders of record and administers the Plan for the participants.

By the present application, Edison proposes to issue the proposed common stock for meeting the requirements of the Plan. In addition, Edison presently plans to assume the administration of the Plan from the Bank in the second half of 1983. The number of shares requested is based on Edison's best estimate of the number of shares to be issued under the Plan for a period of approximately three years. Edison expects that some of the new stock may be issued as early as February 1983. The assumed price per share is \$33.75, which would result in total proceeds of \$236,250,000.

As of June 30, 1982, Edison's uncapitalized construction expenditures amounted to approximately \$1,670,860,000. Edison would use the proceeds from the issue and sale of the proposed common stock, after payment in discharge of obligations incurred for expenses incident to their issue and sale, to reimburse Edison for moneys actually expended from income and other moneys in Edison's treasury and not secured by or obtained from the issue of stock 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, or extension or improvement of its facilities exclusive of maintenance of services and replacements.

Edison's capital ratios reported as of June 30, 1982 are shown below as recorded and adjusted to give pro forma effect to the transactions that follow:

	<u>June 30, 1982</u>	<u>Pro Forma</u>
Long-Term Debt	47.3%	45.6%
Preferred/Preference Stock	11.7	11.4
Common Equity	<u>41.0</u>	<u>43.0</u>
Total	100.0%	100.0%

1. The proposed issuance of the 7,000,000 shares of common stock at an assumed price of \$33.75 per share.
2. The issuance and sale on August 11, 1982 of a 13% promissory note, due 1994 in the amount of \$50,000,000 (D.82-06-011 dated June 2, 1982 in A.82-05-01).
3. The sale of 24,968 and 48,197 shares of common stock issued under Edison's Employee Stock Ownership Plan on July 1 and August 2, 1982, respectively (D.87785 and D.91198 dated August 30, 1977 and January 8, 1980 in A.57478 and A.59295).
4. The sale of 646,972 shares of common stock issued under the Plan on August 2, 1982 (D.91434 dated March 18, 1980 in A.59441).
5. The sale of 77,164 shares of common stock issued under Edison's Employee Stock Purchase Plan on July 1, 1982 (D.90059 and D.82-06-058, dated March 13, 1979 and June 15, 1982 in A.58606 and A.82-04-23, respectively).
6. The issuance of 20,949 shares of common stock due to conversion of 26,415 shares of preference stock, 5.20% Convertible Series.
7. The retirement of \$40,000,000 principal amount of First and Refunding Mortgage Bonds Series I, on July 1, 1982 (D.55159 dated June 25, 1957 in A.39134), and
8. The retirement of \$40,000,000 principal amount of First and Refunding Mortgage Bonds, Series J, on September 1, 1982 (D.55449 dated August 20, 1957 in A.39300).

Edison is engaged in an extensive construction program and estimates that gross expenditures required for such construction program during the years 1982 and 1983 will

approximate \$1,927,000,000. Exhibit C, attached to the application, sets forth in detail Edison's construction program, estimated as of July 15, 1982. The following is a summary of that exhibit:

(Millions of Dollars)

	<u>1982</u>	<u>1983</u>	<u>Total</u>
Electric Generating Plant	\$ 912	\$ 615	\$1,527
Electric Transmission Lines and Substations	66	126	192
Electric Distribution Lines and Substations	227	269	496
Other Expenditures	<u>50</u>	<u>52</u>	<u>102</u>
Total	\$1,255	\$1,062	\$2,317
Less: Allowance for Funds Used During Construction	<u>250</u>	<u>140</u>	<u>390</u>
Funds Used or Required for Construction Expenditures	\$1,005	\$ 922	\$1,927

The Commission's Revenue Requirements Division has reviewed Edison's 1982 and 1983 construction program, which is attached as Exhibit C to the application, 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.

The Revenue Requirements Division has analyzed Edison's cash requirements forecast, attached to the application as Exhibit D, and has determined that internally generated funds will provide 53% of the capital expenditures estimated for 1982 and 54% of those estimated for 1983. The Revenue Requirements Division has concluded that the proposed issuance of common stock will be necessary to help Edison meet 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 offering would be used for proper purposes.
3. Edison has need for external funds for the purposes set forth in the application.
4. Edison's Plan is not adverse to the public interest.
5. The proposed security 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 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.

We place Edison and its shareholders on notice that we do not regard the number of shares outstanding, the total par value of the shares, and the dividends paid do not determine allowable return on plant investment. This authorization is not a finding of the value of Edison's stock or property, nor does it indicate the amounts to be included in ratesetting proceedings.

The following order should be effective on the date of signature and payment of the fee set by PU Code Section 1904.1 to enable Edison to proceed with the issuance and sale of common stock expeditiously.

O R D E R

IT IS ORDERED that:

1. Southern California Edison Company (Edison), on or after the effective date of this order, may issue, sell, and deliver not to exceed 7,000,000 shares of its common stock at the prices and in the manner substantially set forth in the application.

2. Edison shall apply the net proceeds from the sale of common stock authorized to the purpose set forth in the application.

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

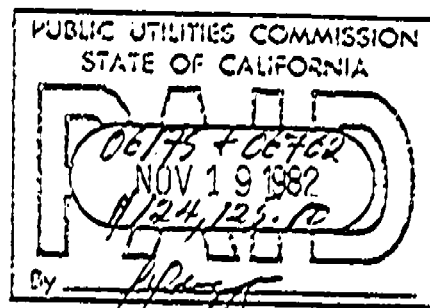
4. The authority granted by this order to issue common stock will be effective when Edison pays \$124,125, the fee set by PU Code Section 1904.1.

Dated NOV 17 1982, at San Francisco, California.

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

Joseph E. Bedevita
Joseph E. Bedevita, Executive Director

JOHN E. BENSON
President
DAVID D. CRAWFILL
LEONARD M. GRIFFIN, JR.
VICTOR GALVO
PRISCILLA C. GREW
Commissioners



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Dated NOV 17 1982, at San Francisco, California.

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

