

Decision No. 86642

ORIGINAL

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of SOUTHERN CALIFORNIA)
 EDISON COMPANY to issue and sell)
 not exceeding 5,000,000 shares of)
 Common Stock of the par value of)
 \$2-1/3 per share.)

Application No. 56033
 (Filed October 26, 1975)

O P I N I O N

Southern California Edison Company seeks authority to issue, sell and deliver not exceeding 5,000,000 shares of its \$2-1/3 par value common stock.

After payment and discharge of obligations incurred for expenses incident to the issuance and sale of the stock, applicant proposes to use the stock proceeds to reimburse its treasury for (a) moneys expended to retire and discharge \$30,000,000 of its First and Refunding Mortgage Bonds, Series D, Due 1976, and \$15,840,000 of California Electric Power Company First Mortgage Bonds, 3% Series due 1976, and (b) uncapitalized construction expenditures. The utility reports uncapitalized construction expenditures of approximately \$783,749,000 as of September 30, 1976, and estimates that the gross expenditures for its construction program during the years 1976 and 1977 will approximate \$1,177,416,000.

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 50 cents above 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 September 30, 1976, and as adjusted to give effect to the proposed stock issue assuming a price of \$22 per share and to the sale of 140,454 shares of common stock issued on October 1, 1976 under its Employee Stock Purchase Plan, as summarized from the application, are as follows:

	<u>September 30, 1976</u>	<u>Pro Forma</u>
Long-term debt	49.7%	48.4%
Preferred and preference stock	14.1	13.8
Common equity	<u>36.2</u>	<u>37.8</u>
Total	<u>100.0%</u>	<u>100.0%</u>

After consideration the Commission finds that:

1. The proposed stock would be for proper purposes.
2. Applicant has need for external funds for the purposes 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 purposes specified herein, which purposes are not, in whole or in part, reasonably chargeable to operating expenses or to income.
4. There is no known opposition and there is no reason to delay granting the relief requested.

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

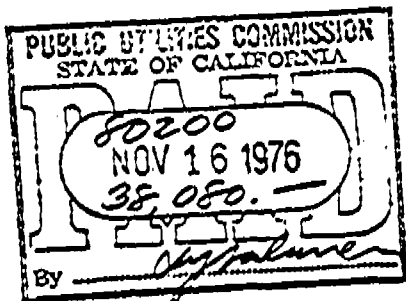
IT IS ORDERED that:

1. Southern California Edison Company, on or after the effective date hereof and on or before March 31, 1977, may issue, sell and deliver, in accordance with terms and provisions consistent with the application, not exceeding 5,000,000 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 an Underwriting Agreement in substantially the form attached to the application as Exhibit E.
2. Southern California Edison Company shall apply the net proceeds from the sale of said common stock to the purposes set forth in the application.
3. As soon as available, Southern California Edison Company shall file with the Commission three copies of its final prospectus pertaining to said stock.

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 purposes 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 \$30,030.

Dated at San Francisco, California, this 16th day of NOVEMBER, 1976.



[Signature]
President

[Signature]

[Signature]
Commissioners

Commissioner William Swans, Jr., being necessarily absent, did not participate in the disposition of this proceeding.