

ORIGINAL

Decision No. 87569 July 12, 1977

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of SOUTHERN CALIFORNIA)	
EDISON COMPANY, for authority to)	
issue and sell, by competitive)	
bidding, not exceeding \$200,000,000)	Application No. 57336
aggregate principal amount of its)	(Filed May 25, 1977)
First and Refunding Mortgage Bonds,)	
Series HH and Series II, to execute)	
and deliver the Fortieth Supplemental)	
Indenture, and to execute and deliver)	
an Instrument of Further Assurance.)	

FIRST SUPPLEMENTAL OPINION

By Decision No. 87473 dated June 21, 1977, in the above-entitled matter, the Commission authorized Southern California Edison Company (Edison) to issue, sell and deliver at competitive bidding, not exceeding \$200,000,000 aggregate principal amount of its First and Refunding Mortgage Bonds, Series HH in an aggregate principal amount not exceeding \$125,000,000 and Series II in an aggregate principal amount not exceeding \$75,000,000 or either of said series at the price or prices offered in the bid or bids for said bonds which shall provide the lowest annual cost of money to Edison calculated in the manner provided in the Statement of Terms and Conditions Relating to Bids, set forth in Exhibits F and G attached to the application. The restrictive refunding feature on the Series II Bonds was to have been for two years.

By its letter of July 8, 1977, Edison has requested that Decision No. 87473 be modified so as to provide that the Series II Bonds have a restrictive refunding feature not exceeding five years.

On July 7, 1977, representatives of Edison met in New York with representatives of the investment banking community as well as institutional investors, underwriters of prior Edison bond issues and security analysts among others, to discuss at a Due Diligence meeting the forthcoming issues of its Series HH and II Bonds. As a result of a question asked of Edison at the meeting, and subsequent conversations with representatives of the underwriters who are likely to participate in bidding upon the Edison bonds, it became apparent to Edison that the proposed two-year restricted refunding feature on the Series II Bonds set forth in the Commission's Decision No. 87473 should be modified to provide for a five-year restricted refunding feature which Edison has subsequently learned is common to bond offerings with a maturity similar to the seven-year maturity contemplated with Edison's Series II Bonds.

Discussions with potential underwriters have indicated that the market for the Series II Bonds may be adversely impacted by the existing two-year restricted refunding feature, and Edison believes there is also a strong possibility that a premium in interest rate may have to be paid by Edison were it to continue with its plans to offer the Series II Bonds with a two-year rather than five-year restricted refunding feature. Edison notes that its Series EE Bonds which were sold in November 1974 and which also had a maturity of seven years contained a five-year restricted refunding feature, and Edison has been informed by members of the investment banking community that such a five-year restricted refunding feature is common to this term of bond and has become an expected feature of such bonds by the investment banking community.

There is no known opposition to Edison's request and no reason not to grant the authority requested. The Commission finds that Edison's request for a restrictive refunding feature not exceeding five years is reasonable and concludes that the modification should be granted. A public hearing is not necessary.

FIRST SUPPLEMENTAL ORDER

IT IS ORDERED that:

1. As a modification of Decision No. 87473, Edison may issue, sell and deliver the Series II Bonds with a restrictive refunding feature not exceeding five years.
2. The authority granted in Decision No. 87473 shall remain in full force and effect except as modified by this First Supplemental Order.

The effective date of this First Supplemental Order is the date hereof.

Dated at San Francisco, California, this 12th day of JULY, 1977.

Robert Belmont
President
William S. ...
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Commissioners