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Decision No. 90059 | MAR 13 1979

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of SOUTHERN CALIFORNIA
EDISON COMPANY, to issue and sell not
exceeding 3,500,000 shares of Common
Stock of the par value of \$8-1/3 per
share.

) Application No. 58606
) (Filed January 17, 1979)
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O P I N I O N

Southern California Edison Company (Edison) seeks authority to issue and sell not exceeding 3,500,000 additional shares of its common stock and 572,207 previously-authorized shares of its common stock in accordance with its Employee Stock Purchase Plan (Plan) as recently amended.

By Decision No. 85037, dated October 21, 1975, as modified by Decision No. 85957, dated June 15, 1976, the Commission authorized Edison to issue and sell 2,300,000 shares of its common stock according to the Plan. Of this amount, 572,207 shares remain unissued. Edison seeks authority to issue and sell 3,500,000 additional shares because it estimates it will shortly exhaust these remaining shares.

The assumed price per share of the additional shares of stock is \$26.00, which would result in total proceeds of \$91,000,000.

The net proceeds from the issue and sale of the additional shares will be used to reimburse Edison for treasury monies, 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, expended for the acquisition of

property, or for the construction, completion, extension or improvement of its facilities, exclusive of maintenance of service and replacements. Such unreimbursed expenditures amounted to \$980,890,000 as of September 30, 1978. Capital expenditures for the years 1978 and 1979 are estimated to be in excess of \$1.2 billion.

Edison's capital structure is not expected to be altered significantly by the issue and sale of the proposed common stock, when considered on a pro-forma basis in combination with Edison's other recently authorized stock^{1/} and debt issues.^{2/}

Edison proposes to issue the common stock in accordance with the Plan. Under the Plan, Edison's employees may elect to contribute specified percentages of their regular monthly straight-time base pay to a trustee for purchase of Edison common stock. Edison contributes to the trustee an amount equivalent to one-half of the aggregate of such contributions, less forfeitures.

Edison has recently changed the terms of the Plan and Edison seeks authority to issue both the 3,500,000 additional shares and the 572,207 previously-authorized shares, a total of 4,072,207 shares, in accordance with the provisions of the Plan in substantially the form filed as Exhibit "E" to the application and hereinafter referred to as the Amended Plan.

Changes to the Plan which became effective January 1, 1979, modify the table of percentage contributions which participants may make and also modify certain notice provisions relating to participants in the Plan. Changes to the Plan which will become effective March 1, 1979, institute a new participant supplemental cash contribution feature in the Plan which does not entail additional contributions by Edison.

^{1/} Authorized by Decision No.88872 dated May 31, 1978 in Application No. 57998, filed April 14, 1978.

^{2/} Authorized by Decision No. 89464, dated October 3, 1978, in Application No. 58269, filed August 3, 1978.

One of the labor unions representing certain of Edison's employees has not, however, approved the foregoing changes. Consequently, the Amended Plan set forth in Exhibit E to the application describes the Plan both as it applies to Edison's employees who are members of such labor union (without the recent changes) and as it applies to the remainder of Edison's employees (with the recent changes).

If and when the labor union approves the January 1, 1979 and March 1, 1979 changes to the Plan, Edison proposes to again amend the Plan to make such changes applicable to all of its employees. Edison, therefore, seeks authority to issue the 4,072,207 shares of its common stock to Edison's employees in accordance with the Amended Plan and in accordance with the Amended Plan as it may be further amended to make the recent changes thereto applicable to all of Edison's employees.

Edison proposes to first issue and sell shares under the Amended Plan on March 31, 1979.

The Finance Division and the Operations Division agree that the proposed issue and sale of stock is appropriate under the circumstances.

After consideration, the Commission finds that:

1. The proposed stock issue would be for a proper purpose.
2. Edison has need for external funds for the purpose set forth herein.
3. The Employee Stock Purchase Plan, as amended, is not adverse to the public interest.
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.

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The application was listed on the Commission's Daily Calendar on January 18, 1979. There is no known opposition to Edison's application and no reason not to grant the authority requested effective when Edison has paid the prescribed fee. A public hearing is not necessary. In issuing our order herein, we place Edison 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 Edison'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, may issue, sell and deliver not exceeding 3,500,000 additional shares of its common stock and 572,207 shares of previously-authorized common stock, a total of 4,072,207 shares, in accordance with the provision of its Employee Stock Purchase Plan in substantially the form filed as Exhibit E to the application and as it may be subsequently amended as contemplated by the application.
2. Southern California Edison Company shall apply the net proceeds from the sale of the common stock herein authorized for the purposes set forth in the application.

3. On or before the twenty-fifth day of each month following the sale of common stock pursuant to the terms of the Plan, Southern California Edison Company shall file with the Commission a summary for the preceding month showing the total number of shares issued under the authority herein 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 reports under General Order No. 24-B.

4. Southern California Edison Company shall file with the Commission a description of the Plan if and when it is further amended as contemplated by the application.

5. This order shall become effective when Southern California Edison Company has paid the fee prescribed in Section 1904.1 of the Public Utilities Code, which fee is \$51,500.

Dated at San Francisco, California, this 13th day of MARCH 1, 1979.

John E. Bryan
President
James L. Ferguson
Charles W. Gault
Clair D. Smith
Samuel L. ...
Commissioner

