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Decision No. 91433 MAR 18 1980**ORIGINAL**

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of SOUTHERN CALIFORNIA)
 EDISON COMPANY, a corporation, for an)
 Order modifying Decision No. 82731)
 dated April 16, 1974 (as extended by)
 Decisions Nos. 84241 dated March 25,)
 1975 and 88226 dated December 13,)
 1977) and Decision No. 88616 dated) Application No. 59461
 March 21, 1978 (as extended by) (Filed February 22, 1980)
 Decision No. 91033 dated November 20,)
 1979) to increase Applicant's authori-)
 zation to incur short-term obligations)
 payable at periods of not more than)
 twelve months after the date of issu-)
 ance, by a principal amount of)
 \$292,160,699 in excess of that authorized)
 by the Public Utilities Code Section)
 823(c) and prior Commission authorization.)

O P I N I O N

Southern California Edison Company (Edison) seeks authority to issue and sell additional short-term obligations in an aggregate amount of not exceeding \$292,160,699 beyond that authorized by Section 823(c) of the Public Utilities Code and prior Commission authorizations.

Authority is sought pursuant to Section 823(c) of the Public Utilities Code. Notice of the filing of the application appeared on the Commission's Daily Calendar of February 21, 1980.

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 calendar year ending December 31, 1979, the utility reported total operating revenues of \$2,563,974,000 and net income of \$346,219,000.

In this proceeding, Edison proposes to issue short-term obligations from time-to-time through January 2, 1982 in an aggregate principal amount of \$650 million to be evidenced by short-term notes and renewal or refunding short-term notes bearing interest based on the prime rate of banks, commercial paper, bankers acceptances, revolving credit arrangements and other short-term borrowing sources at the lowest interest rate available to Edison. The \$650 million aggregate principal amount of proposed short-term borrowing exceeds the limitations of Section 823(c) by \$441,288,502 a portion of which excess, namely \$149,127,803, has been previously authorized by the decisions cited herein, as shown in the following summary of Exhibit E, attached to the application:

<u>Security</u>	<u>Amount</u>
Original Preferred Stock	\$ 4,000,000
\$25 Cumulative Preferred Stock	283,754,950
\$100 Cumulative Preferred Stock	437,500,000
Preference Stock	62,000,000
Convertible Preference Stock	27,067,000
Common Stock	577,259,000
First and Refunding Mortgage Bonds	2,627,530,000
First Mortgage Bonds (Calif. Elect. Pwr Co.)	66,000,000
3-1/8% Convertible Debentures	74,902,000
Other Long-Term Debt (Promissory Notes)	<u>14,217,000</u>
Total	<u>\$4,174,229,950</u>
5% Limit Allowed by Public Utilities Code Section 823(c)	\$ 208,711,498
Excess Over Limit Authorized by Decision No. 82731, dated April 16, 1974, as modified by Decision No. 88616, dated March 31, 1978	149,127,803
Additional Needed Excess Over Limit Requested in this Application	<u>292,160,699</u>
Total Short-Term Borrowing Ceiling	<u>\$ 650,000,000</u>

Edison currently has lines of credit based on the prime rate of banks exceeding \$197 million in addition to a bankers acceptance line of credit totaling \$150 million, and other lines of credit and short-term borrowing sources available. On December 31, 1979 Edison had outstanding approximately \$184 million of short-term obligations in the form of commercial paper.

Edison proposes to repay a portion of its short-term obligations with funds available from internal sources and the proceeds from issuance and sale of additional securities, including renewal or refunding short-term obligations which may be issued to renew or refund previously outstanding short-term indebtedness. With respect to such renewals of short-term indebtedness, the combined terms of the original obligation and the renewal or refunding obligation would not exceed twelve months and no renewal or refunding document would be issued more than twelve months after the date of issue of the original obligation.

Edison's escalating cash requirements have resulted in periodic increased short-term borrowings outstanding. The increased short-term authorization also allows greater flexibility in the timing of long-term security offerings by providing Edison with the ability to quickly increase its outstanding short-term debts in the event that a delay or cancellation of security offerings is appropriate during a time of unfavorable market conditions.

Proceeds from the interim financing proposed herein would be used for all of the purposes specified in Section 817 of the Public Utilities Code, including plant construction. In that regard Edison reports unreimbursed capital expenditures of \$1,011,864,000 as of December 31, 1979 and estimated total of \$1.5 billion for construction over the next two years (1980 and 1981) as summarized in the following statement:

	<u>Thousands of Dollars</u>	
Uncapitalized Construction as of October 1, 1979.		\$1,097,050
Expenditures October 1979 through December 31, 1979 are as follows:		
Net Utility Plant Construction	\$225,752	
Principal Amount of Bonds, Debentures, Notes and Stock Retired	<u>244,780</u>	
Total Expenditures		<u>470,532</u>
Total		\$1,567,582
Deductions covering proceeds from authorized security issues and other sources of construction funds October 1, 1979 through December 31, 1979 are as follows:		
Proceeds from Bonds, Debentures, Notes, and Stock issued	\$517,721	
Accumulated Provision for Depreciation	37,448	
Accumulated Provision for Amortization of Nuclear Fuel Assemblies	<u>549</u>	
Total Deductions		<u>555,718</u>
Total Uncapitalized Construction as of December 31, 1979		<u>\$1,011,864</u>

Estimated outlays for construction over the next two years are approximately \$1,521,639,000 as detailed below:

	(Thousands of Dollars)		
	<u>1980</u>	<u>1981</u>	<u>Total</u>
Electric Generating Plants	\$663,052	\$634,568	\$1,297,620
Electric Transmission Lines and Substations	67,115	95,502	162,617
Electric Distribution Lines and Substations	179,631	168,850	348,481
Other Expenditures	<u>27,033</u>	<u>14,888</u>	<u>41,921</u>
Total Construction Funds Needed	\$936,831	\$913,808	\$1,850,639
Less: Allowance for Funds Used During Construction	<u>169,000</u>	<u>160,000</u>	<u>329,000</u>
Funds Used or Required for Construction Expenditures	<u>\$767,831</u>	<u>\$753,808</u>	<u>\$1,521,639</u>

The staff of the Commission's Revenue Requirements Division has reviewed the application and Edison's 1980 and 1981 construction program. The staff concludes that the estimated construction expenditures are reasonable and that the proposed interim financing is necessary and consistent with budget requirements. The Division reserves the right, however, to reconsider the reasonableness of any construction expenditures in future proceedings. The Revenue Requirements Division has also concluded that the proposed short-term borrowings are necessary to help meet forecasted cash requirements.

Findings of Fact

1. Edison is a California Corporation operating under the jurisdiction of this Commission.
2. The proposed increase in principal amount of authorized short-term borrowings would be for proper purposes.
3. Edison has need for external funds for the purposes set forth in the application.
4. The money, property or labor to be procured or paid for by the short-term notes 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.
5. There is no known opposition 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.

The action taken herein is for the purposes of this proceeding only and is not to be construed as indicative of amounts to be included in proceedings for the determination of just and reasonable rates.

O R D E R

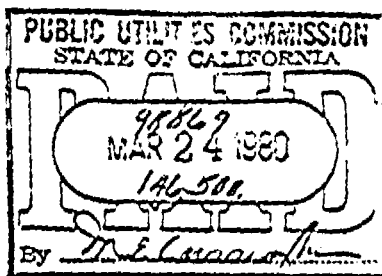
IT IS ORDERED that:

1. Southern California Edison Company may issue short-term obligations on or after the effective date hereof and on or before January 2, 1982, in an aggregate principal amount not exceeding \$441,288,502 beyond that authorized by Section 823(c) of the Public Utilities Code, on the terms and for the purposes specified in the application.

2. On or before the 15th day of each month, Southern California Edison Company shall file with the Commission a summary for the preceding month showing the aggregate amount of notes issued hereunder and shall show the purposes for which they were issued. The filing shall be in lieu of reports under General Orders 24-B and 44.

3. This order shall become effective when Southern California Edison Company has paid the fee prescribed by Section 1904(b) of the Public Utilities Code, which fee is \$146,500.

Dated MAR 18 1980, at San Francisco,
California.



Joh E. Byron
President
James L. Steigman
Richard W. Coyle
Lawrence M. Dennis
Commissioners

Commissioner Claire T. Dedrick, being necessarily absent, did not participate in the disposition of this proceeding.