

Decision No. 91434 MAR 18 1980

ORIGINAL

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)	Application No. 59441
Reinvestment and Stock Purchase Plan)	(Filed February 11, 1980)
not exceeding 6,000,000 shares of)	
Common Stock of the par value of)	
\$8-1/3 per share.)	

O P I N I O N

Southern California Edison Company (Edison) seeks authority pursuant to Sections 816 through 818 of the Public Utilities Code, to issue and sell not exceeding 6,000,000 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). Notice of the filing of the application was published in the Commission's Daily Calendar of February 13, 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 year ending December 31, 1979, the utility reported total operating revenues of \$2,563,974,000 and net income of \$346,219,000.

One million shares of common stock were initially authorized for the Plan by Decision No. 84882, dated September 10, 1975, in Application No. 55870 and the first shares were issued in February 1976. Another 2,100,000 shares were authorized for the Plan by Decision No. 89463, dated October 3, 1978, in Application No. 58268. 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 following the fourth quarter 1980 common stock dividend reinvestment. 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 May 1980. The assumed price per share is \$25, which would result in total proceeds of \$150,000,000.

As of December 31, 1979, Edison's uncapitalized construction expenditures amounted to approximately \$1,011,864,000. 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 monies actually expended from income or other monies in Edison's treasury and not secured by or obtained from the issue of stock or stock certificates 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, extension or improvement of its facilities exclusive of maintenance of service and replacements.

Edison's capital ratios as of December 31, 1979, and as adjusted for the effect of (a) the proposed issuance of 6,000,000 shares of common stock at an assumed price of \$25 per share; (b) the proposed issuance of 7,000,000 shares of common stock which were issued and sold on February 5, 1980;^{1/} and (c) the proposed issuance of up to \$200,000,000 of First and Refunding Mortgage Bonds, Series NN, presently scheduled for April 1980,^{2/} are listed as follows:

^{1/} Decision No. 91199, dated January 8, 1980, in Application No. 59297.

^{2/} Decision No. 91383, dated March 4, 1980, in Application No. 59386.

	<u>December 31, 1979</u>	<u>Pro Forma</u>
Mortgage bonds	45.81	45.31
Convertible debentures	1.3	1.2
Other long-term debt	<u>1.1</u>	<u>1.0</u>
Total long-term debt	48.2	47.5
Preferred stock	12.3	11.4
Preference stock	1.5	1.4
Common stock equity	<u>38.0</u>	<u>39.7</u>
Total	<u>100.01</u>	<u>100.01</u>

Edison is engaged in an extensive construction program and estimates that the gross expenditures required for such construction program during the years 1980 and 1981 will approximate \$1,521,639,000. Exhibit C, attached to the application, sets forth in detail Edison's construction program, estimated as of December 20, 1979. The following is a summary of that exhibit:

	(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	\$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 Edison's 1980 and 1981 construction program, which is attached as Exhibit C to the application, and believes that the estimated construction expenditures are reasonable and has no objection to the proposed security issue specified in the application. The Division reserves the right, however, to reconsider the reasonableness of any construction expenditures in future rate proceedings.

Edison's cash requirements for 1980 and 1981, estimated as of January 31, 1980, are as follows:

	(Thousands of Dollars)		
	<u>1980</u>	<u>1981</u>	<u>Total</u>
Funds Used or Required for Construction Expenditures	\$ 767,831	\$753,808	\$1,521,639
Maturities of Long-Term Debt:			
First and Refunding Mortgage Bonds:			
Series G, Due 4/15/81	-	40,000	40,000
Series EE, Due 11/1/81	-	100,000	100,000
First Mortgage Bonds:			
Series of 2-7/8%, Due 6/1/80	6,000	-	6,000
Convertible Debentures, Due 8/15/80	74,902	-	74,902
5-1/2% Promissory Notes	3,642	3,548	7,190
Short-Term Debt Outstanding as of Beginning of Year	<u>204,180</u>	<u>-</u>	<u>204,180</u>
	\$1,056,555	\$897,356	\$1,953,911
Less: Estimated Cash Available From Internal Sources	<u>2,000</u>	<u>85,000</u>	<u>87,000</u>
Additional New Funds Required From Outside Sources	<u>\$1,054,555</u>	<u>\$812,356</u>	<u>\$1,866,911</u>

(Dollars in Thousands)

<u>New Funds from Outside Sources</u>	<u>1980</u>	<u>1981</u>	<u>Total</u>
To Be Provided as Follows:			
(1) Estimated Proceeds from Sale of Common Stock:			
Dividend Reinvestment and Stock Purchase Plan ^{1/}	\$ 40,000	\$ 40,000	\$ 80,000
Employee Stock Purchase Plan ^{2/}	23,000	23,000	46,000
Tax Reduction Act Stock Ownership Plan ^{2/}	10,000	-	10,000
(2) Proceeds from Sale of First and Refunding Mortgage Bonds, Series LL ^{4/}	50,000	-	50,000
(3) Estimated Proceeds from Sale of 7,000,000 Shares of Common Stock ^{5/}	175,000	-	175,000
(4) Estimated Proceeds from Sale of First and Refunding Mortgage Bonds, Series NN ^{6/}	200,000	-	200,000
(5) Additional Cash Requirements	<u>556,555</u>	<u>749,356</u>	<u>1,305,911</u>
	<u>\$1,054,555</u>	<u>\$812,356</u>	<u>\$1,866,911</u>

^{1/} Decision No. 89463, dated October 3, 1978, in Application No. 58268.

^{2/} Decision No. 90059, dated March 31, 1979, in Application No. 58606.

^{3/} Decision No. 91198, dated January 8, 1980, in Application No. 59295.

^{4/} Decision No. 90791, dated September 13, 1979, in Application No. 59009.

^{5/} Decision No. 91199, dated January 8, 1980, in Application No. 59297.

^{6/} Decision No. 91383, dated March 4, 1980, in Application No. 59386.

The Revenue Requirements Division of the Commission's staff has analyzed the above cash requirement forecast, attached to the application as Exhibit D, and has determined that internally generated funds will provide .2 percent of the capital expenditures estimated for 1980 and 9 percent of those estimated for 1981. The Revenue Requirements Division has concluded that the proposed issuance of the new stock will be necessary to help Edison meet forecasted cash requirements.

Findings of Fact

1. Edison is a California Corporation operating under the jurisdiction of this Commission.
2. The proposed issuance of the new stock would be for a proper purpose.
3. Edison has need for external funds for the purpose set forth herein.
4. The Dividend Reinvestment and Stock Purchase Plan is not adverse to the public interest.
5. The money, property or labor to be procured or paid for by the New 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.
6. 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.

In issuing our order herein, 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 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 value of the company's stock or properties nor as indicative of the amounts to be included in proceedings for the determination of just and reasonable rates.

O R D E R

IT IS ORDERED that:

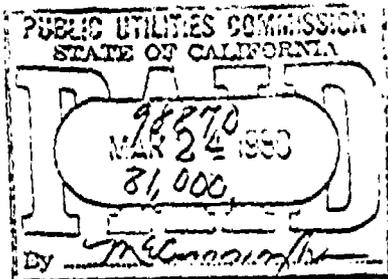
1. Southern California Edison Company, on or after the effective date hereof, may issue, sell and deliver not exceeding 6,000,000 shares of its common stock substantially in accordance with the Description of Dividend Reinvestment and Stock Purchase Plan set forth in Exhibits E and F, attached to the application.

2. Southern California Edison Company shall apply the net proceeds from the sale of Common Stock herein authorized to the purpose set forth in the application.

3. On or before the twenty-fifth day of each month, 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. 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 \$81,000.

Dated MAR 18 1930 at San Francisco, California.



John E. Bryan President
Richard D. Howell
Commissioners

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