
PROSPECTUS

1,000,000 Shares

Southern California Edison Company

Cumulative Preferred Stock, 4.08% Series

(\$25 par value)

THESE SECURITIES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE SECURITIES AND EXCHANGE COMMISSION NOR HAS THE COMMISSION PASSED UPON THE ACCURACY OR ADEQUACY OF THIS PROSPECTUS. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

	Price to Public(1)	Underwriting Discounts and Commissions(2)	Proceeds to Company(3)
Per Unit.....	\$25.50	\$.46	\$25.04
Total.....	\$25,500,000	\$460,000	\$25,040,000

(1) Flat to date of delivery to the several Underwriters, which is expected to be on or about May 19, 1950, and plus accrued dividends thereafter.

(2) In the Underwriting Agreement, referred to herein, the Company indemnifies the Underwriters against certain civil liabilities, including certain liabilities under the Securities Act of 1933.

(3) Before deducting expenses of the Company estimated at \$90,000.

The dividend for the period from the date of issue to May 31, 1950 on the stock offered hereby has been declared and set apart and is payable on August 31, 1950 to holders of record August 5, 1950.

A list of the several Underwriters appears herein under "Underwriting". Such Underwriters include:

The First Boston Corporation
Harris, Hall & Company
(Incorporated)

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITERS MAY EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE CUMULATIVE PREFERRED STOCK, 4.08% SERIES AND THE CUMULATIVE PREFERRED STOCK, 4.32% SERIES, AT LEVELS ABOVE THOSE WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH TRANSACTIONS AS TO THE CUMULATIVE PREFERRED STOCK, 4.08% SERIES MAY BE EFFECTED ON THE OVER-THE-COUNTER MARKET AND AS TO THE CUMULATIVE PREFERRED STOCK, 4.32% SERIES, MAY BE EFFECTED ON THE LOS ANGELES AND SAN FRANCISCO STOCK EXCHANGES, ON THE NEW YORK CURB EXCHANGE AND ON THE OVER-THE-COUNTER MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

The date of issue of this Prospectus is May 17, 1950.

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PURPOSE OF ISSUE

The net proceeds from the sale of the 1,000,000 shares of Cumulative Preferred Stock, 4.08% Series (the "New Preferred Stock") will become treasury funds and will be used by the Company in its continuing construction program and to retire the Company's bank loan notes (issued to obtain construction funds), which it is estimated will amount to \$13,000,000 at the time such proceeds are received.

CONSTRUCTION PROGRAM

Gross plant additions for the years 1946 through 1949, inclusive, were \$219,637,000, and retirements during such period aggregated approximately \$45,913,000. During 1950, gross additions are expected to total approximately \$60,265,000, and retirements approximately \$8,295,000. Though not yet finally determined, it is expected that gross additions in 1951 will approximate \$50,000,000, and retirements \$8,500,000. Of such total estimated requirements of \$110,265,000 for the two years 1950-1951, the Company expects to obtain approximately \$72,000,000 from the sale of securities, of which approximately \$25,000,000 will have been procured upon the completion of this financing, leaving approximately \$47,000,000 of additional financing to be effected thereafter. The nature, amounts and timing of such additional financing cannot now be determined, and will depend in part on market conditions existing from time to time and may include temporary bank loans. Approximately \$38,265,000 is expected to be obtained from internal sources, including provisions for depreciation and amortization, and unappropriated earnings. The Company is presently unable to estimate the additions to plant that may be necessary subsequent to 1951.

The following table indicates the major classifications of the Company's continuing construction program, including the estimate for 1950-1951:

	1946-1949	1950-1951
Steam Electric Generating Plants.....	\$ 49,668,000	\$ 7,633,000
Hydroelectric Generating Plants.....	17,993,000	17,124,000
Electric Transmission Lines and Substations.....	29,500,000	26,997,000
Electric Distribution Lines and Substations.....	107,640,000	50,610,000
General	14,836,000	7,901,000
	<u>\$219,637,000</u>	<u>\$110,265,000</u>

As a part of its continuing construction program the Company, in 1948 and 1949, installed at its Redondo Beach Steam Station four generating units, each having an effective operating capacity of 70,000 kw under assumed optimum steam generation conditions. Such construction program also includes a new hydroelectric plant being built on the San Joaquin River, known as Big Creek No. 4, which is designed to have units with a total name plate rating of approximately 84,000 kw, is expected to cost approximately \$21,000,000 and is scheduled for completion in 1951. This program also includes a new 220 kv transmission line approximately 133 miles in length from Magunden Substation to Mesa Substation scheduled for completion in 1950 and a new 220 kv transmission line approximately 120 miles in length from Big Creek No. 4 to Magunden

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Substation scheduled for completion in 1951. It is estimated that the cost of the two lines will aggregate \$9,500,000. Preliminary engineering and other work is being done in connection with a proposed new steam generating station. Actual construction of the station has not yet been authorized, nor has its capacity or estimated cost been determined.

CAPITALIZATION

The capitalization of the Company as at March 31, 1950 was, and upon completion of this financing will be, as follows:

	Authorized	Outstanding as at March 31, 1950	To be Outstanding
Funded Debt			
First and Refunding Mortgage Bonds (a)			
Series of 3s, Due 1965.....	\$108,000,000	\$108,000,000	\$108,000,000
Series of 3½s, Due 1964.....	30,000,000	30,000,000	30,000,000
Series A, Due 1973 (3⅛%).....	40,000,000	40,000,000	40,000,000
Series B, Due 1973 (3%).....	25,000,000	25,000,000	25,000,000
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		Shares	
Capital Stock (par value \$25 per share)			
Original Preferred Stock (5%, prior, cumulative, participating).....	160,000	160,000	160,000
Cumulative Preferred Stock.....	6,000,000		
4.32% Series✓.....		1,653,429	1,653,429
4.88% Series✓.....		800,000	800,000
New Preferred✓.....		None	1,000,000
Preference Stock (cumulative).....	3,000,000		
4.48% Convertible Series (b).....✓.....		1,595,632	1,595,632
4.56% Convertible Series (b).....✓.....		568,131	568,131
Common Stock (b).....	8,000,000	4,245,550	4,245,550

Note: Pursuant to a resolution authorizing \$30,000,000 of short term borrowings, the Company had borrowed from banks \$6,500,000 as of March 31, 1950, such loans being evidenced by 2% 180-day notes. It is expected that such borrowings will have increased to \$13,000,000 at the time of issue of the New Preferred Stock and that they will be paid through the use of part of the proceeds of such issue. The banks referred to are Bank of America N. T. & S. A., Security-First National Bank of Los Angeles, California Bank, Citizens National Trust & Savings Bank, The Farmers & Merchants National Bank and Union Bank & Trust Company of Los Angeles.

(a) The Trust Indenture under which these bonds are issued permits the issuance from time to time of additional bonds thereunder, under the restrictions and conditions contained therein.

(b) Assuming no conversions into Common Stock subsequent to March 31, 1950. At March 31, 1950, there were 1,884,588 shares of authorized but unissued Common Stock reserved for issue upon conversion of Preference Stock and against outstanding scrip for Common Stock. The shares of Preference Stock, 4.48% Convertible Series and 4.56% Convertible Series, are presently convertible into Common Stock at the respective rates of 0.85312 and 0.921 of one share of Common Stock for each share converted.

SUMMARY OF CONSOLIDATED EARNINGS

The following summary of consolidated earnings for the five calendar years 1945 to 1949, inclusive, has been examined by Messrs. Arthur Andersen & Co., independent public accountants, as stated in their certificate appearing under "Financial Statements" herein, and is included herein in reliance upon said firm as accounting experts. The summary for the three years ended December 31, 1949 should be read in conjunction with the financial statements, the related notes and the auditors' certificate included in this Prospectus. The summary for the 12 months' period ended March 31, 1950 and for the three months' periods ended March 31, 1949 and March 31, 1950, respectively, has been prepared by the Company and has not been examined by Messrs. Arthur Andersen & Co.

	Year Ended December 31					12 Months Ended March 31, 1950	3 Months Ended March 31, 1949	3 Months Ended March 31, 1950
	1945	1946	1947	1948	1949			
Operating Revenues	\$67,612,654	\$73,276,833	\$84,877,287	\$95,578,985	\$100,135,058	\$100,343,318	\$24,904,758	\$25,113,017
Operating Expenses and Taxes:								
Operation.....	\$13,711,600	\$17,380,339	\$27,802,343	\$35,424,838	\$ 33,879,734	\$ 32,303,475	\$ 8,994,759	\$ 7,418,499
Maintenance and Repairs.....	4,573,243	4,171,526	6,498,167	8,445,133	11,629,900	11,835,386	1,801,968	2,007,454
Provision for Frequency Change Expense (See Note).....	149,383	11,000,000	12,000,000	11,260,000	-----	-----	-----	-----
Provision for Depreciation.....	8,233,521	8,660,428	9,296,827	9,968,097	10,961,821	11,214,582	2,740,825	2,993,586
Amortization of Plant Acquisition Adjustments.....	261,805	261,805	261,806	261,805	261,805	261,805	65,451	65,451
State, Local and Miscellaneous Taxes.....	7,111,610	8,115,787	9,386,576	10,283,714	11,715,471	12,230,999	2,875,196	3,390,725
Federal Income Taxes.....	4,564,500	9,127,500	5,614,700	4,708,000	8,961,000	9,270,000	2,632,000	2,941,000
Federal Excess Profits Taxes.....	14,963,000	-----	-----	-----	-----	-----	-----	-----
Total Operating Expenses and Taxes.....	\$53,568,662	\$58,717,385	\$70,860,419	\$80,351,587	\$ 77,409,731	\$ 77,116,247	\$19,110,199	\$18,816,715
Net Operating Income.....	\$14,043,992	\$14,559,448	\$14,016,868	\$15,227,398	\$ 22,725,327	\$ 23,227,071	\$ 5,794,559	\$ 6,296,302
Other Income (net)	1,193,090	1,322,311	1,868,664	2,653,754	2,251,535	2,159,472	585,280	493,217
Gross Income.....	\$15,237,082	\$15,881,759	\$15,885,532	\$17,881,152	\$ 24,976,862	\$ 25,386,543	\$ 6,379,839	\$ 6,789,519
Deductions:								
Interest on Funded Debt.....	\$ 4,215,000	\$ 4,215,000	\$ 4,215,000	\$ 5,633,749	\$ 6,215,000	\$ 6,215,000	\$ 1,553,750	\$ 1,553,750
Amortization of Debt Discount, Premium and Expense (net).....	572,624	572,624	572,624	552,466	553,987	554,018	138,455	138,486
Other Interest.....	19,089	21,094	222,415	394,824	69,637	57,094	32,142	19,598
Interest Charged to Construction (Credit*).....	65,810*	122,194*	454,254*	589,182*	801,549*	840,302*	188,768*	227,521*
Total Deductions.....	\$ 4,740,903	\$ 4,686,524	\$ 4,555,785	\$ 5,991,857	\$ 6,037,075	\$ 5,985,810	\$ 1,535,579	\$ 1,484,313
Net Income.....	\$10,496,179	\$11,195,235	\$11,329,747	\$11,889,295	\$ 18,939,787	\$ 19,400,733	\$ 4,844,260	\$ 5,305,206

The annual interest requirements on the Company's outstanding funded debt aggregate \$6,215,000. As of March 31, 1950 the annual dividend requirements upon the Company's then outstanding preferred stocks were: on the Original Preferred Stock (assuming a 50¢ quarterly Common Stock dividend), \$320,000; on the Cumulative Preferred Stock, \$2,761,704; and on the Preference Stock, \$2,434,777, making an aggregate of \$5,516,481; and upon issuance of 1,000,000 shares of the New Preferred Stock, the dividend requirements on the Cumulative Preferred Stock will be increased by \$1,020,000.

The decline in the item "Operation" for the three months ended March 31, 1950, results principally from the decline in the prices of fuels and the greater utilization of the Company's newer, more efficient steam generating units. The results for such three months' period are not necessarily indicative of the results to be expected for the year as a whole.

Reference is made to the comments made herein concerning "Frequency Change" and to footnote (2) in "Notes to Statements of Consolidated Income".

HISTORY AND BUSINESS

General

The Company, incorporated under the laws of California on July 6, 1909, is a public utility engaged in the business of generating, purchasing, transmitting, distributing and selling electric energy for light, power and heat in portions of central and southern California. As agent of the United States, it operates certain of the electric generating units located at Hoover Dam on the Colorado River. The Company transmits electric energy from the switching station in Nevada at Hoover Dam to its major substations in California. It has qualified to do business in Arizona and Nevada, but not as a public utility. Its principal executive offices are at 601 West Fifth Street, Los Angeles, California. It has only one important subsidiary, Edison Securities Company, a non-utility California corporation, which is wholly owned and primarily engaged in the business of dealing in lands acquired in connection with the operations of the Company. The Company and such subsidiary intend to continue the businesses herein described.

Territory Served

The areas served directly by the Company include 76 incorporated cities, more than 150 unincorporated communities and outlying rural territories. It also supplies power for resale to four municipalities and, from time to time, to three privately owned utilities. The population of the territory served by it was estimated on the basis of the 1940 Federal Census at approximately 1,607,000 and is now estimated to be approximately 2,800,000. The following table lists the larger cities and towns served directly at retail, their populations according to the last Federal Census report, and estimates, secured or made by the Company, of their populations in March, 1950. The Company makes no representation as to the accuracy of such estimates.

	1940	March 1950 (Estimated)		1940	March 1950 (Estimated)		1940	March 1950 (Estimated)
Long Beach	164,271	283,000	Redondo Beach	13,092	25,000	Bell	11,264	16,000
Santa Monica	53,500	75,000	Oxnard	8,519	25,000	Fullerton	10,442	15,000
San Bernardino† ..	43,646	65,000	Arcadia	9,122	24,000	Hawthorne	8,263	15,000
Alhambra	38,935	52,000	Ontario	14,197	23,000	San Fernando	9,094	14,500
Santa Ana	31,921	52,000	Montebello	8,016	22,000	Maywood	10,731	14,000
South Gate	26,945	51,000	Monrovia	12,807	21,000	Santa Paula	8,986	14,000
Inglewood	30,114	49,000	San Gabriel	11,867	21,000	Gardena	5,909	13,500
Compton	16,198	49,000	Torrance	9,950	21,000	Tulare	8,259	12,500
Santa Barbara	34,958	42,000	Culver City	8,976	20,000	Hermosa Beach ..	7,197	12,500
Pomona	23,539	35,500	Monterey Park	8,531	19,500	Newport Beach	4,438	12,500
Huntington Park..	28,648	31,000	South Pasadena ..	14,356	18,500	Orange	7,901	12,000
Beverly Hills	26,823	30,000	Redlands	14,324	18,500	Visalia	8,904	11,500
Lynwood	10,982	27,000	Ventura	13,264	18,000	San Marino	8,175	11,500
Whittier	16,115	26,500	Manhattan Beach..	6,398	17,000	Hanford	8,234	10,000

†Served jointly with another utility.

The territory served by the Company includes large areas devoted to farming, truck farming and fruit growing, much of which is made possible by irrigation. Industrial activity is well diversified. Although many of the Company's industrial customers are major users of power, the revenue for the calendar year 1949 derived from the largest single industrial customer accounted for approximately 0.9% of the Company's total electric revenue, and the ten largest industrial customers together accounted for approximately 5.2% of such revenue.

Regulation

The Company is subject to the jurisdiction of the Public Utilities Commission of the State of California, which has and exercises general power and jurisdiction to supervise and regulate public utilities in California, including, among other things, the rates to be charged for commodities furnished or services rendered and the issuance of securities. The issuance of the New Preferred Stock has been or will be authorized by the Commission.

The Company is subject to certain provisions of the Federal Power Act, both as a licensee of the Federal Power Commission and as a company engaged in the transmission of electric energy in interstate commerce. In the opinion of counsel for the Company, however, the Act does not make the issue and sale of the New Preferred Stock subject to the approval of the Federal Power Commission.

Rates

The Company's domestic and commercial lighting rate schedules are designed to reflect the differences in population density and operating conditions in various sections of the territory served by the Company, so that in such cities as Long Beach and Santa Monica the rates are somewhat lower than those in the smaller towns and more distant territory served. Certain rate advantages also are generally available to domestic customers having electric ranges and water heaters connected.

The Company's power rates for commercial, agricultural, industrial and other types of service, vary generally in relation to the customer's connected load and monthly usage of electric energy. Certain of these rates also vary in different parts of the Company's service area.

	<i>Residential Usage</i>				
	<u>1945</u>	<u>1946</u>	<u>1947</u>	<u>1948*</u>	<u>1949</u>
Average annual kilowatt-hour sales per residential customer.....	1,231	1,335	1,391	1,384	1,488
Average revenue per kilowatt-hour sold to residential customers.....	3.38¢	3.26¢	3.17¢	3.18¢	3.12¢
Average annual bill per residential customer.....	\$41.58	\$43.55	\$44.11	\$44.05	\$46.46

*The figures for 1948 reflect the existence of daylight saving time during most of 1948.

Electric Operations and Statistics

Energy Generated and Purchased—(KWH)

	1945	1946	1947	1948	1949	% of 1949 Total
Generated—Net Station Output						
Hydroelectric Plants.....	3,293,031,723	3,073,488,462	2,466,798,657	2,097,443,196	2,241,503,012	29.6
Steam Plants.....	580,268,300	1,309,086,240	2,395,186,940 ⁵⁶	2,848,968,900 ^{77.37}	3,288,116,200	43.5
Diesel Plant.....	516.100	1,390.100	25,705,000	5,098.200	1,166,200
Total Generated.....	3,873,816,123	4,383,964,802	4,887,690,597	4,951,510,296	5,530,785,412	73.1
Purchased Power—Hoover Dam.....	1,755,546,719	1,412,020,983	1,564,081,556	1,847,792,697	1,904,003,507	25.2
“ —Other.....	80,057,763	81,429,226	227,717,256	440,266,754	128,936,845	1.7
Power Interchange (Net).....	3,923,200*	1,225,400	1,470,400*	4,668,610*	4,739,000*
Total Generated, Purchased and Interchanged.....	5,705,497,405	5,878,640,411	6,678,019,009	7,234,901,137	7,558,986,764	100.0
Company Use.....	7,203,647	7,313,846	8,454,999	9,672,295	11,658,153
Current Furnished Free.....	100,052	104,332	115,556	475,862	1,128,200
Lost and Unaccounted for.....	988,669,809	1,016,641,881	1,031,025,092	1,060,494,665	1,021,016,765
Total Energy Sold.....	4,709,523,897	4,854,580,352	5,638,423,355	6,164,258,315	6,525,183,646

Energy Sales—(KWH)

Domestic.....	655,068,804	739,136,191	829,443,607	904,256,454	1,051,316,009	16.1
Agricultural.....	459,762,026	553,098,717	681,438,902	801,737,655	852,567,857	13.0
Commercial.....	543,716,471	624,222,991	766,583,738	843,522,352	835,300,066†	12.8
Industrial.....	1,946,366,746	1,742,540,844	1,960,231,667	2,218,556,044	2,491,327,235†	38.2
Public Authorities.....	321,805,383	396,156,737	466,222,904	499,196,005	534,039,777	8.2
Other Electric Utilities.....	479,087,085	506,271,975	647,710,600	637,961,492	526,363,237	8.1
Railways.....	303,717,382	293,152,897	286,791,937	259,028,313	234,269,465	3.6
Total Energy Sold.....	4,709,523,897	4,854,580,352	5,638,423,355	6,164,258,315	6,525,183,646	100.0

Operating Revenue

Domestic.....	\$ 22,207,818	\$ 24,172,809	\$ 26,305,533	\$ 28,782,705	\$ 32,821,406	32.8
Agricultural.....	5,831,537	6,680,832	7,848,487	9,011,779	9,559,049	9.5
Commercial.....	13,764,731	16,127,602	19,317,102	21,330,678	21,282,380†	21.3
Industrial.....	15,889,846	15,137,564	17,083,795	19,163,284	22,603,568†	22.6
Public Authorities.....	4,733,301	4,853,903	5,256,902	5,892,192	6,422,621	6.4
Other Electric Utilities.....	2,141,132	3,171,638	6,156,257	8,939,569	5,205,882	5.2
Railways.....	1,958,344	1,895,777	1,853,984	1,698,650	1,587,847	1.6
Total Revenue from Electric Sales.....	\$ 66,526,709	\$ 72,040,125	\$ 83,822,060	\$ 94,818,857	\$ 99,482,753	99.4
Other Miscellaneous Revenue.....	1,103,045	1,133,056	991,667	592,874	624,562	0.6
Total Electric Revenue.....	\$ 67,629,754	\$ 73,173,181	\$ 84,813,727	\$ 95,411,731	\$ 100,107,315	100.0

Number of Customers (at end of period)

Domestic.....	541,997	568,507	622,943	680,340	729,249	81.9
Agricultural.....	15,875	16,806	17,634	18,082	18,787	2.1
Commercial.....	85,127	97,526	109,815	119,800	113,952†	12.8
Industrial.....	6,131	7,677	8,835	9,644	20,921†	2.3
Public Authorities.....	5,829	5,808	6,088	6,800	7,672	.9
Other Electric Utilities.....	8	9	9	9	9
Railways.....	2	2	2	2	2
Total Customers.....	654,969	696,335	765,326	834,677	890,592	100.0

* Deduction.

† These amounts shown for the year 1949 are based upon a different classification of commercial and industrial accounts, and therefore are not comparable with the amounts shown for these classifications in prior years. The totals, however, for the two classifications of commercial and industrial are comparable with the totals for the same classifications in the earlier years.

Note: Each metered service is, in this Prospectus, deemed to be a single customer.

Under a contract with Pacific Gas and Electric Company providing for the sale of electric energy by each party to the other, the supplying party to be the sole judge of its ability to supply energy, the Company, during 1949, sold 300,765,070 kilowatt-hours for \$3,241,052. Such sales are expected to decline substantially in 1950 because of additions to the generating capacity of Pacific Gas and Electric Company.

The Company supplies, pursuant to special contracts, electric energy to Pacific Electric Railway Company and Los Angeles Transit Lines, which operate electric streetcar and interurban lines in and around Los Angeles, to California Electric Power Company and to San Diego Gas & Electric Company. Electric energy is also supplied by the Company, under special contracts, to Anaheim, Colton, Azusa and Riverside, for resale. It also provides, pursuant to special contracts which expire not later than May 31, 1951, a power supply for Boulder City and for the State of Nevada at its Basic Magnesium Plant located at Henderson, Nevada, and delivers, together with the City of Los Angeles, in California limited amounts of Hoover Dam energy to the United States; it is not expected that such contracts will be renewed. Some energy is exchanged by the Company and the City of Los Angeles.

Copies of many of the Company's contracts, including those referred to above, are filed as exhibits to the Registration Statement, and reference thereto is hereby made for more detailed information concerning their terms, the information herein being qualified in its entirety by such reference.

Frequency Change

In October, 1948, the Company completed its program of frequency change to 60 cycles (commenced in 1945), including the conversion of its customers' equipment and most of its generating equipment requiring change-over.

In connection with this program, the Company provided \$34,409,383 by charging to operating expenses Provisions for Frequency Change during the period from 1945 to 1948, inclusive. Expenditures of \$33,373,011 on this program during that period and \$593,114 during 1949 were charged against such provisions, leaving a reserve balance of \$443,258 to cover later costs. In addition, the program involved approximately \$5,000,000 of capital additions and betterments. See note (2) in "Notes to Statements of Consolidated Income" for a reference to the Treasury Department's contention that the Company's frequency change costs should be amortized over a ten-year period for income tax purposes.

Municipal Ownership and Other Competition

Under the laws of California, utility districts may be formed (some of which may include incorporated as well as unincorporated territory), and such districts as well as municipalities may construct, purchase or condemn and operate electric facilities. The fact that a privately-owned system has franchises and certificates of convenience and necessity does not result in the private operator having the right to exclude a governmental agency. Under certain conditions a municipality owning its own electric system may dispose of energy outside its boundaries. In certain territory served by the Company, there is a relatively small overlap of the areas which the Company and other private utilities are authorized to serve.

Within the general territory served by the Company, Los Angeles, Pasadena, Glendale, Burbank, Azusa, Anaheim, Colton and Riverside own and operate electric systems. Azusa, Anaheim, Colton and Riverside buy from the Company all the electric energy which they distribute. The other cities mentioned own generating plants and also have contracts with the United States for Hoover Dam energy and have been allocated certain power rights at Davis Dam on the Colorado River. Since 1933, no city within the Company's territory has undertaken the development of a municipal electric system, but efforts for the establishment of municipal ownership have been made without success in Long Beach and in other cities in the Company's territory.

The City of Vernon owns an electric system, including a diesel generating plant, which is leased to the Company until 1957, with the City having an option to extend the term of the lease under certain conditions for ten-year periods. Copies of the lease and an extension thereof are filed as exhibits to the Registration Statement and reference thereto is hereby made for more detailed information concerning their terms, the information herein being qualified in its entirety by such reference.

One effect of municipal competition is felt by the Company when a city owning an electric system annexes adjacent territory which the Company has theretofore served. In recent years several cities having municipally owned electric systems secured court decrees of condemnation of the Company's distribution properties lying within areas annexed by them. Since January, 1942, the Company has lost by annexation approximately 2,898 customers, involving an estimated annual loss of revenue of \$173,000.

Under the various acts of Congress providing for the improvement of navigation and flood control and for the reclamation of public lands, power available at projects covered thereby may be generated and sold by the United States, preference generally being given to municipalities, public corporations and cooperatives. Congress has authorized the construction of several such projects in the vicinity of the territory served by the Company and each of those projects, when constructed, may possibly constitute a source of competition.

The United States Bureau of Reclamation is now constructing in the Sacramento and San Joaquin valleys the Central Valley Project; three of the principal dams have been constructed, one at Shasta and one at Keswick on the Sacramento River far north of the territory served by the Company, and the third at Friant on the San Joaquin River near Fresno, California. Shasta and Keswick power plants are substantially completed with an aggregate name plate rating of 450,000 kilowatts. Friant Dam lies below the Company's Big Creek plants and, as now constructed, includes no generating facilities. Electric energy could be produced at the Friant Dam in limited amounts if additional facilities were provided. In 1949 Congress authorized as a part of the Central Valley Project the Folsom Dam on the American River, also located north of the area served by the Company, a power plant at such dam with a capacity of 120,000 kilowatts, afterbay power plants of smaller capacity, and transmission lines to the nearest practicable point of interconnection with the Central Valley Project transmission system. When electric energy and water are delivered by the Central Valley Project into the San Joaquin Valley areas served by the Company, the result will probably be to replace some energy now supplied by the Company and some of the irrigating water which is now pumped by the use of electricity purchased from the Company.

The United States is constructing a flood control dam and reservoir (Isabella Reservoir) on the Kern River, which, according to proposed plans, will submerge areas now occupied by a part of the Company's Borel power plant facilities. The Company expects to reach an agreement

for the rearrangement and protection of its facilities; failure to do so may result in the government condemning the Borel plant and appurtenances, and it, or a substitute plant, being operated in competition with the Company. The United States also proposes to construct a reservoir on the Kings River for flood control, power and reclamation purposes, which would require the relocation of certain portions of the Company's Vincent transmission and telephone lines.

If any power development in connection with all or any of the aforesaid Federal projects is integrated with the Federal power developments on the Colorado River and in Oregon and Washington, and the United States encourages, by granting financial aid or otherwise, municipalities, districts and electric cooperatives to enter the electric business, the Company may experience competition in a form not present at this time. The position recently taken by the Bureau of Reclamation and Interior Department in resisting private power development by another California utility on the Kings River illustrates one of the forms in which such competition may manifest itself.

The Secretary of the Interior, in 1948 and 1949, promulgated regulations pertaining to rights of way for transmission lines upon lands administered by the Interior Department. These regulations require, among other things, that applicants for such rights of way consent, under certain conditions, to interconnection of Government transmission facilities with applicant's transmission line and to allow the Government to use any capacity of the line not required by applicant, or to increase the capacity of the line for its own use. Such regulations also provide that the use of such rights of way shall be discontinued without liability or expense to the Government whenever found to be in conflict with hydroelectric power or irrigation works constructed under authority of the Government.

The Company is in competition with companies selling gas and liquid gas, both in domestic and commercial fields.

Employee Relations

The Company has approximately 6,900 active full-time employees, of whom approximately 4,250 are covered by a contract with Local 47 of the International Brotherhood of Electrical Workers (AFL) and approximately 350 in the Steam Generation Division are covered by a contract with Local 246 of the Utility Workers Union of America (CIO). These contracts are effective until December 31, 1950, and thereafter until agreement is reached with respect to changes or either party exercises its right to terminate. Copies of such contracts are filed as exhibits to the Registration Statement and reference thereto is hereby made for more detailed information concerning their terms, the information herein being qualified in its entirety by such reference.

The Company, in 1941, provided by contract with two insurance companies for a "Retirement Annuity Plan", covering those eligible employees who voluntarily participate, as to services since June 30, 1941. As of December 31, 1949, there were 3,571 employees (including 12 officers) participating in the plan and contributing from approximately 2½% to 5% of their monthly compensation in excess of \$50. Pursuant to this plan the Company charged to 1949 operations and paid to the insurance companies \$791,528. It is estimated that the amount to be charged to operations in 1950 will be approximately \$875,000. The Company also expects to provide pensions for certain of its employees who were covered by a former pension plan, primarily with respect to services rendered by them prior to July 1, 1934. In 1949 there was reserved out of income \$1,417,105, including a special provision of \$850,000, which, together with an additional special provision of

approximately \$873,000 being made in 1950, will bring the reserve up to the estimated total actuarial requirement with respect to all employees under the plan.

PROPERTY

General

The Company owns or leases and operates 23 hydroelectric plants and five other electric generating plants (including four steam and one diesel) with total effective operating capacities under optimum conditions of 526,050 kilowatts and 751,500 kilowatts, respectively, together with transmission and distribution systems, all located in central and southern California with the exception of the Nevada portions of the transmission lines from Hoover Dam. In addition, the Company presently has available for its use 465,000 kilowatts of like capacity at Hoover Dam Power Plant. (See Note (g) to the table appearing under "Generating Plants" below.) The energy is transmitted from Hoover Dam to California over two transmission lines owned by the Company and over a transmission line owned, from Hoover Dam to Hayfield, California, by the Metropolitan Water District and, from Hayfield on, by the Company.

The approximate weighted average ages of the principal classes of property of the Company are estimated to be: steam production, 10 years; hydroelectric production, 25 years; transmission, 16 years; distribution, 11 years; and general, 15 years.

Demand and Capacity

	<u>1946</u>	<u>1947</u>	<u>1948</u>	<u>1949</u>
Maximum Instantaneous System Demand in KW.....	1,120,400(a)	1,249,700(a)	1,342,700(a)	1,405,900(a)
Effective Operating Capacity in KW, at Time of Maximum Demand	1,191,650	1,295,700	1,449,400(b)	1,490,900(b)
Annual Load Factor (based on such demand).....	59.2%	58.9%	60.1%	60.1%

NOTE: Some energy (in relatively small amounts) generated on Hoover Dam units available for use by the Company is not reflected in the above table.

(a) Includes voluntary service, principally to other utilities, of approximately 46,000 kw in 1946; 59,000 kw in 1947; 168,000 kw in 1948; and 134,000 kw in 1949.

(b) Includes voluntary service from another utility of approximately 64,000 kw in 1948, and 54,000 kw in 1949.

Generating Plants

Of the hydroelectric plants (excluding transmission lines), some are located wholly on lands of the United States under permits and licenses, some are located in part on lands of the United States under permits and licenses and in part on lands owned by the Company or by others in which the Company possesses necessary easements, and some are located wholly on lands owned by the Company or by others in which the Company possesses necessary easements. The four steam plants (exclusive of certain appurtenances) are located on land owned by the Company, and the diesel plant is leased from the City of Vernon.

Name of Plant	Location	Name Plate Rating (KW)	Effective Operating Capacity (KW) (a)	Permit or License		Year of Expira- tion
				Act of Congress (b)	Year of Issuance	
Hydroelectric Plants						
Big Creek No. 1	Fresno County	67,000	81,000	1901	1917	1963
Big Creek No. 2	Fresno County	57,750	62,000	1901	1917	1963
Big Creek No. 2-A	Fresno County	80,000	94,000	1920	1921	1971
Big Creek No. 8	Fresno County	54,000	58,000	1920	1921	1971
Big Creek No. 3	Fresno County	106,500	135,000	1920	1922	1971
Big Creek No. 4	Fresno and Madera Counties	(c)	(c)	1920	1949	1999
Kern River No. 1	Kern County	16,000	24,200	1920(d)	(d)	(d)
Borel	Kern County	8,200	10,400	1920	1925	1975
Kern River No. 3	Kern County	32,000	36,000	1901	1913	1963
15 Minor Plants (e)		19,570	25,450			
Total—Owned Hydroelectric Plants		441,020	526,050(f)(h)			
Hoover Dam(g)	Colorado River	495,000	465,000(g)	1928	1941(g)	(g)
Total—Owned Hydroelectric Plants and Hoover Dam Units		936,020	991,050			
Steam and Diesel Plants						
Long Beach No. 1	Long Beach	69,000	65,000			
Long Beach No. 2	Long Beach	162,500	174,500			
Long Beach No. 3	Long Beach	180,000	212,000			
Redondo Beach	Redondo Beach	264,000	280,000			
Vernon (Diesel)	Vernon	30,000	20,000			
Total—Steam and Diesel Plants		705,500	751,500(i)			
Total—All Plants		1,641,520	1,742,550(f)(g)			

- (a) Effective operating capacity as used herein represents capacity available for system use under assumed optimum water and steam generation conditions.
- (b) The Acts of Congress are those referred to under "Federal Permits and Licenses."
- (c) This project is now under construction and scheduled for completion in 1951 with a name plate rating of approximately 84,000 kw. A license for the project has been obtained, but an application for an amendment has been filed with the Federal Power Commission to include in the license the proposed transmission line from Big Creek No. 4 to Magunden Substation, referred to under "Construction Program".
- (d) The permit for this plant expired in 1946; a license under the Federal Power Act has been authorized by the Federal Power Commission for 50 years from May 1, 1946 but has not yet been issued.
- (e) Ten of these plants are located in whole or in part on lands of the United States under permits or licenses which were issued either under the Act of Congress of 1901 or the Act of 1920, such permits or licenses expiring either in 1962, 1963, 1970, 1974 or 1996. The other five plants are on land owned by the Company or by others in which the Company possesses necessary easements.
- (f) The effective operating capacity of Company owned stream flow hydro plants is subject to a reduction of approximately 75,600 kw in the event of a recurrence of stream flow conditions similar to the historical flows during the driest month of the driest year experienced by the Company (October, 1931).
- (g) The Company, under a contract which became effective in 1941 and expires in 1987, is one of the Government's operating agents at Hoover Dam and, under various contracts, is also one of the allottees and purchasers of the energy produced at Hoover Dam Power Plant. The combination of these facts results, in effect, in certain of the generating units at Hoover Dam being available for Company use and being integrated with the operation of the Company's own generating units. Such units have an effective operating capacity of 465,000 kw, as follows: four units (each having a name plate rating of 82,500 kw), with a total effective operating capacity of 330,000 kw, three of which are operated by the Company for its own use (as to which the Company's rights extend until 1987) and one of which is being operated by the City of Los Angeles for the Company under the terms of a contract whereby the Company has the exclusive use of the unit from June 1, 1946 through May 31, 1951, after which it is expected that this unit will be allocated to the State of Nevada for service to Basic Magnesium Project; and two units (each with a name plate rating of 82,500 kw), with a total effective operating capacity of 135,000 kw to the Company, which are operated by the City for the joint use of the Company and the Metropolitan Water District (pursuant to a contract extending until 1987, subject to earlier termination if the requirements of the District for Hoover Dam energy amount to substantially all of such energy to which it is entitled), such 135,000 kw capacity to the Company being reduced from time to time when power is required for Metropolitan Water District pumping in excess of one series of pumps. During 1949 certain tentative reductions were made by the Bureau of Reclamation in its estimates of the storage capacity at Lake

Mead, but it is not anticipated that such reductions will materially affect the power to be obtained in the future from this source by the Company.

- (h) Of this total, 41,010 kw of effective operating capacity is over 40 years old, 71,780 kw is between 30 and 40 years old, 368,260 kw is between 20 and 30 years old, 6,270 kw is between 10 and 20 years old, and 38,730 kw is less than 10 years old.
- (i) Of this total, 64,900 kw of effective operating capacity is between 30 and 40 years old, 198,600 kw is between 20 and 30 years old, 106,000 kw is between 10 and 20 years old, and 362,000 kw is less than 10 years old.

Certain Conditions Affecting Hydro Plants

The hydroelectric plants operated by the Company are situated in three different principal watersheds and the climatic conditions affecting them are substantially different. The stream flow plants, which include all of the hydroelectric plants except those in the Big Creek area and at Hoover Dam, are affected by yearly variations in stream flow. The stream flow plants may operate at capacity for a period of three to four months of the year while during one or two months there may not be sufficient water to operate above 30 per cent of their aggregate capacity. Boulder Canyon Project is controlled largely by the precipitation on the western slopes of the Rocky Mountains.

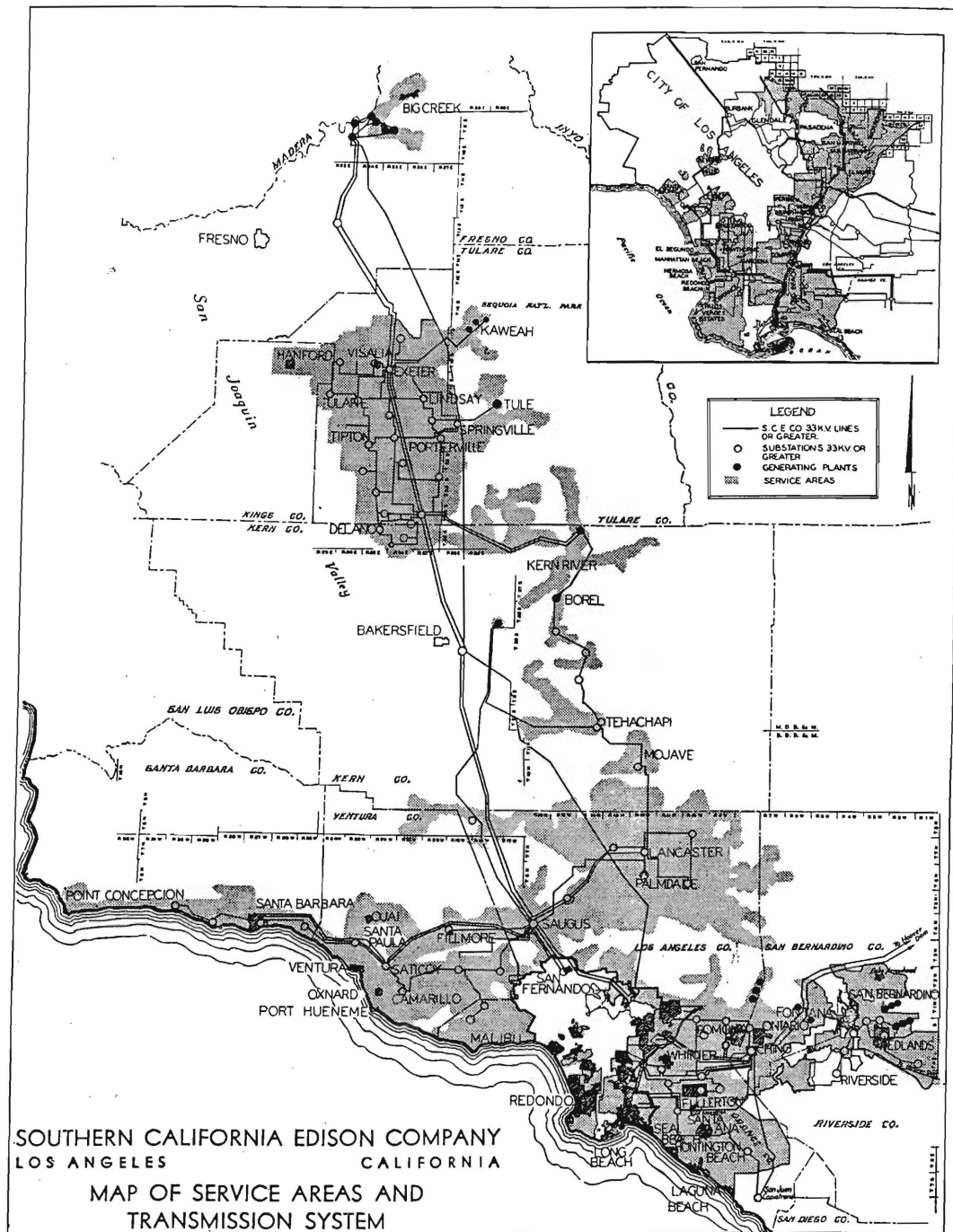
The Company operates seven storage reservoirs, of which five are located wholly on lands of the United States under permits and licenses and two in part on lands of the United States under permits and licenses and in part on lands owned by the Company:

Name	County	Location River	Capacity in Acre Feet	Permit or License		
				Act of Congress	Year of Issuance	Year of Expiration
Huntington Lake (a)	Fresno	Big Creek	89,166	1901	1917	1963
Florence Lake (a)	Fresno	South Fork of San Joaquin	64,406	1920	1921	1971
Shaver Lake (a)	Fresno	Stevenson Creek	135,283	1920	1921	1971
4 minor reservoirs (b)	Tulare	Kaweah	1,152	1920	1924	1974

(a) Serves Big Creek plants.

(b) Serve one minor plant.

The California Fish and Game Commission, the Federal Power Commission, and the United States Fish and Wildlife Service have claimed the right to require an applicant for license to release water for fish and recreation. Where the amount of water was small, the Company has agreed thereto. In the case of the Company's Kern River No. 1 project, the order of the Federal Power Commission authorizing the issuance of the license provides that it shall include a condition requiring the Company to release, with certain exceptions, sufficient water to maintain, at a point below the Company's diversion dam, a flow of not less than 50 second feet of water for recreational purposes, reserving to the Commission the right to adjust this amount upward or downward in the future. The decision of the Examiner of the Commission, which has been affirmed by the Commission, was expressed to be based in part upon his opinion that the Company possesses no vested water rights in Kern River by virtue of its appropriation under California laws and that whatever rights it acquired by contracts were subordinate to the proprietary rights of the United States in the flowing waters on its reserved lands. Although the Company proposes to accept a license covering the Kern River No. 1 Project, provided that the license is substantially in the terms of the said order authorizing its issuance, the Company does not concur in the opinion referred to above. If such view should be established as law, the principle might be applied to other projects of the Company and might thus enable the United States to enforce a reduction of the amount of water available to the Company for the operation of any projects under licenses. The above mentioned order of the Federal Power Commission also provides for a condition in the proposed license requiring the Company, under specified circumstances, to make changes in or additions to the project as directed by the Commission.



Note: The general location of the transmission lines and certain other important units of the Company and its "service areas" are shown above; such service areas include only areas within approximately one mile of the distribution system, although the Company is obligated under certain conditions to serve within more extensive areas covered by its certificates of public convenience and necessity.

Boulder Canyon Project—Hoover Dam

Hoover Dam and its power plant on the Colorado River were authorized by the Boulder Canyon Project Act of 1928. The present installed capacity of the Hoover Dam Power Plant is 1,030,000 kilowatts, and the plant is designed to permit the installation of additional units with a total capacity of 297,500 kilowatts of which 215,000 kilowatts are scheduled for installation in 1951 and 1952.

Pursuant to contracts dated May 29, 1941 and expiring May 31, 1987, the electric energy at Hoover Dam is allocated to Nevada, Arizona, the Metropolitan Water District of Southern California, the City of Los Angeles and certain other municipalities, California Electric Power Company and the Company. Under the contract between the United States and the Company dated May 29, 1941, the Company is obligated to take and/or pay for approximately 7% of the firm energy produced, and is either obligated or permitted, under said contract and other contracts, to take additional amounts of energy subject to the prior rights of one or more of the other allottees.

Under the terms of Metropolitan Water District's 1945 Resale Contract dated May 31, 1945, the Company is entitled to and is obligated to take 40% of all firm energy contracted for by the District but unused by it for pumping Colorado River water into and in its aqueduct and unused by California-Pacific Utilities Company and Citizens Utilities Company under previous purchase contracts. The District's maximum use in any year prior to the year ended May 31, 1947 did not exceed approximately 15% of the firm energy allotted to it; due to drouth conditions, the population increase in the area served by the District and the increase in the area comprising the District, its use for the year ended May 31, 1949 was 21.6%, and it is presently estimated that its use for the years ending May 31, 1950 and May 31, 1951 will be approximately 25.4% and 25.7%, respectively. By a contract dated May 20, 1947, with the District a greater amount of energy from Hoover Dam will normally be available to the Company after December 13, 1952 than otherwise would have been available to it.

The Company has been advised that the States of Arizona and Nevada have both undertaken to withdraw their respective full allotments of approximately 18% each of firm energy from Hoover Dam, the bulk of which withdrawals are scheduled to become effective by May 31, 1953. Under existing contracts, 40% of the Hoover Dam energy unused by these two states has heretofore been available for use by the Company but will no longer be available to the Company to the extent that such states utilize their allotments. The effect upon the Company's power supply of such utilization by those states is expected to be partially offset by the following factors: (a) when the District commences after December 13, 1952, to take Parker Dam energy, it is expected that there will become available to the Company additional Hoover Dam energy under the aforesaid contract of May 20, 1947 because of the expected resulting increase in the District's unused Hoover Dam energy; (b) certain power supplies now being provided by the Company pursuant to special contracts expiring by 1952 for certain requirements of the State of Nevada and the United States are thereafter expected to be provided by others; (c) when the Davis Dam installations on the Colorado River are completed, certain energy will be available to such states therefrom, and it is believed that the Company may receive some such offsetting benefits in the event that such states utilize Davis Dam power. The Company is presently unable to predict the extent to which the full allotments of Arizona and Nevada will actually be utilized, the extent to which the aforesaid factors will tend to offset such utilization, or the net effect thereof upon the Company's operating costs as compared with such costs in 1949; but, if such states were to utilize fully their respective allotments, and disregarding the offsets, it is believed that the resulting differential operating costs to the Company, based upon the present prices of fuels, would be increased by less than \$1,500,000.

*Energy Deliveries by Boulder Canyon Project**

<u>12 Months Ended</u>	<u>Firm Energy†</u>	<u>Secondary Energy†</u>	<u>Total†</u>	<u>Energy Deliveries to Company</u>
May 31, 1945	4,268,680	1,749,936	6,018,616	2,023,799
May 31, 1946	4,259,920	730,908	4,990,828	1,615,725
May 31, 1947	4,251,160	8,269	4,259,429	1,365,776
May 31, 1948	4,242,400	1,049,380	5,291,780	1,689,054
May 31, 1949	4,233,640	1,496,735	5,730,375	1,848,593
May 31, 1950	4,224,880	1,709,120**	5,934,000**	1,909,000**

*In thousands of kilowatt hours.

†From data furnished by United States Bureau of Reclamation.

**Estimated by the Company's Engineers.

It is expected that increasing amounts of water from the Colorado River and its tributaries will be diverted above Hoover Dam and consequently there will be a decrease in the amount of electric energy produced.

The Company and the other allottees are required to pay for Hoover Dam energy at rates which are subject to such adjustment as may be necessary to produce revenues sufficient to cover cost of operation, maintenance and replacement and to amortize the cost of the Project with interest over the fifty-year period ending May 31, 1987.

Copies of the Company's contracts relating to Boulder Canyon Project referred to under this sub-caption are filed as exhibits to the Registration Statement and reference thereto is hereby made for more detailed information concerning their terms, the information herein being qualified in its entirety by such reference.

Certain Conditions Affecting Steam and Diesel Plants

The Company's Long Beach Steam Station, composed of three plants, in the Long Beach Harbor District, occupies an area of approximately 43 acres, and the net book investment therein approximates \$27,000,000. The intake structures for securing cooling water are located on the Entrance Channel to the Long Beach Inner Harbor. The new underground outlet for the cooling waters from the plants, which is now in use and to date has cost the Company approximately \$1,000,000, is located principally upon the lands of the City of Long Beach under a lease expiring in 1987. The outlet is also covered by a permit from the Secretary of the Army which requires that the Company shall remove or alter the said structure at its expense if, in the opinion of the Secretary, it shall cause unreasonable obstruction to navigation. The decision of the United States Supreme Court involving tidelands, referred to below, has raised some question as to the validity of the rights granted by the City.

The Long Beach Station is within an established and partially developed oil and gas field. In 1945 a board of experts acting primarily on the behalf of the City of Long Beach, but employed in part by the Company, concluded that on account of the withdrawal of oil and gas from this field there had been, and would be a further subsidence within the area of the field. At the site of the steam plants and in the vicinity, the vertical subsidence is now slightly in excess of 10¾ feet, and horizontal contraction of the ground near the surface with consequent compression has been and is occurring; the horizontal contraction is variable and amounts in some places to as much as

2 inches per 100 feet. From time to time, due to the effects of subsidence and compression, the Company has been required to make repairs and to provide offsetting protective facilities, including the construction and raising of dikes to prevent flooding of the surface, the installation of a series of well points to prevent the rise of underground water, providing drainage and sewer pumps, and the construction of joints in underground water conduits and pipe lines because of horizontal contraction. In February, 1949, a report prepared by consulting engineers for the United States Navy was released in which it was stated that unless competent preventive measures were taken, the subsidence in the area might reach from 18 to 23 feet by 1963. The Company has expended approximately \$2,100,000, most of which was spent in 1948 and 1949, for protection against subsidence. The Company is continuously engaged in studies of this condition, and if it becomes necessary to expand its plans to protect against the above mentioned possible subsidence of 23 feet by 1963, it is estimated that a further expenditure over the period of approximately \$5,000,000 will be required. The Company believes that the subsidence or contraction will not be so extensive that the plants cannot be maintained in a satisfactory operating condition. The Company has recovered substantial amounts of oil from its ownership of this property as set forth below.

In January, 1938, the Company entered into an Operating Agreement with the Union Pacific Railroad Company for the joint development for oil and gas of the Long Beach Station site and the fee-owned right of way north of said site and of lands of the railroad company adjacent thereto. Crude oil production for the Company's account for the five years ended December 31, 1949 was as follows:

	<u>1945</u>	<u>1946</u>	<u>1947</u>	<u>1948</u>	<u>1949</u>
Barrels	576,334	670,238	1,039,180	1,086,305	916,076

It is estimated by Mr. Graydon Oliver, an independent registered petroleum engineer retained by the Company, that the crude oil reserves applicable to the Company's interest in the oil properties as of April 15, 1950 were approximately 4,909,540 barrels. To December 31, 1949, the Company and the Union Pacific had withdrawn from the area, and sold, gas and oil for which the Company had received the gross amount of approximately \$14,565,462. The net proceeds to the Company in the amount of \$6,627,880 have been deposited with one of the trustees under the Company's Trust Indenture, and later withdrawn in accordance with the terms of the Trust Indenture. A copy of the Operating Agreement is filed as an exhibit to the Registration Statement to which reference is made for more detailed information concerning its terms, the information herein being qualified in its entirety by such reference.

Certain individuals, by the attempted use of some land scrip known as "Valentine Scrip," have filed with the Department of the Interior on certain areas which include portions of the Company's Long Beach Steam Station site. To date the Department of the Interior has rejected these filings. The Company is advised by its General Counsel that, even if such filings were validly made on such lands, such filings or operations thereunder would not disrupt or seriously interfere with the rendering of service by the Company as a public utility.

There is now pending in the Supreme Court of the United States a case brought by the United States against the State of California, wherein the United States claims that it is the owner of, or is possessed of paramount rights in and powers over, certain lands along the coast of the State of California. On October 27, 1947, the Supreme Court entered a decree adjudging, in part, as follows:

"The United States of America is now, and has been at all times pertinent hereto, possessed of paramount rights in, and full dominion and power over, the lands, minerals and other things underlying the Pacific Ocean lying seaward of the ordinary low-water

mark on the coast of California, and outside of the inland waters, extending seaward three nautical miles and bounded on the north and south, respectively, by the northern and southern boundaries of the State of California. The State of California has no title thereto or property interest therein.”;

decreeing that the United States is entitled to the injunctive relief prayed for in the complaint; and reserving jurisdiction in the Court to enter such further orders or writs as might be necessary to give force and effect to the judgment. Before the entry of the judgment, a written stipulation was entered into between the Attorney General of California on behalf of the State of California on the one hand and the Attorney General of the United States on behalf of the United States on the other hand, agreeing that the portion of San Pedro Bay as therein defined, constitutes “inland waters” and is excluded from the claims of plaintiff in this litigation. All the lands of the Company are landward of the water area of San Pedro Bay as thus agreed upon in said stipulation. However, in its judgment, the Supreme Court ordered that said stipulation “be stricken as irrelevant to any issues now before us”. The validity of this stipulation has been attacked in certain cases now pending in the Federal District Court for the District of Columbia but the exact legal status of said stipulation has not yet been passed upon by any court. If the Court ultimately determines said stipulation to be invalid, it is possible that the United States might claim that some portion of the Company’s property lies within the area over which the United States was held to have paramount rights.

No provision is reflected in the Company’s accounts or financial statements for the possible effect of the above-mentioned litigation or of the possible upholding of the validity of the scrip filings above-mentioned. The Company believes no such provision is reasonably required.

Transmission and Distribution Systems

The Company’s principal transmission lines, which are operated at a nominal voltage of 220,000, include lines connecting its Big Creek plants with its central distribution system and lines connecting such system with the switching station at Hoover Dam. Of the latter lines, two go directly to the switching station at Hoover Dam and one connects with the transmission line of the Metropolitan Water District at Hayfield, California. As of December 31, 1949, the Company had 38 transmission substations with an aggregate capacity of 4,185,350 kva.

Circuit Miles of Transmission Lines at December 31, 1949

	<u>220 KV</u>	<u>115 KV</u>	<u>66 KV</u>	<u>33 KV</u>	<u>Total</u>
Steel Tower.....	1,506.3	33.9	920.6	4.1	2,464.9
Wood Pole.....		6.9	1,652.9	83.2	1,743.0
Underground.....			.6		.6
Total.....	<u>1,506.3</u>	<u>40.8</u>	<u>2,574.1</u>	<u>87.3</u>	<u>4,208.5</u>

As of December 31, 1949, the Company’s electric distribution system extended into ten counties in central and southern California and consisted of approximately 17,715 miles of overhead lines (not including 1,058 miles of distribution lines on transmission poles) and 213 miles of underground lines, and was supplied from 283 substations with an aggregate capacity of 2,630,232 kva.

All of the Company’s major transmission receiving substations and most of its distribution substations are located on its lands. A few distribution substations are located on lands held under lease by the Company and a few minor ones on lands of the United States under permits and licenses and on lands owned by others under easements.

The transmission and distribution lines are located in part on lands owned by the Company, in part on lands owned by others in which, with minor exceptions, the Company possesses necessary easements and in part on lands of the United States pursuant, with minor exceptions, to licenses, permits and easements issued or applied for under various Acts of Congress. Some of the transmission and distribution lines are located on public streets and highways pursuant to franchises.

Miscellaneous

The Company owns a twelve story steel and concrete office building in Los Angeles. It uses approximately 65% of the available floor space for its general and executive office, and leases the balance. The Company also has 40 buildings used as warehouses and garages, of which it owns 37 and leases 3. Of the Company's 76 commercial offices, 22 are owned and 54 are leased.

The Pacific Coast area is subject to earthquakes, the two most severe in the territory served by the Company having been in the Santa Barbara area in 1925 and in the Long Beach area in 1933. From both of these, the Company's property suffered damage; the greater damage resulted from the Long Beach earthquake, amounting to about \$173,800, exclusive of the loss in operating revenue resulting from interruption of service. It is impossible to predict the extent to which other earthquakes of the same or different intensity may cause damage to the Company in the future.

The Company carries blanket comprehensive insurance covering different properties, in various amounts, against named hazards and with some differing deductibles assumed by the Company. As of April 14, 1950 the above includes \$156,013,000 fire, lightning, and extended coverage insurance; and \$7,600,000 earthquake insurance, the Company to bear the first \$400,000 of earthquake loss. In addition, the Company has other insurance covering particular instances and properties. None of the policies insures against loss of revenue.

The Company had, until February 1949, insurance which was expressed to cover in a limited amount, among other things, collapse (including damage from subsidence) at its Long Beach Steam Station site as well as for its other properties, but the Company is informed that the insurance underwriters took the position that there was no experience basis for this risk and this insurance was not renewed by them.

Substantially all of the properties of the Company are subject to the lien of a trust indenture securing First and Refunding Mortgage Bonds presently outstanding in an aggregate principal amount of \$203,000,000.

In the opinion of the General Counsel of the Company, the Company is possessed of adequate rights to the use of all lands not owned by the Company on which any of the Company's system, including its transmission and distribution lines, is located, with minor exceptions and subject to minor defects in the record title of comparatively few of the easements or rights of way used by the Company, and except with respect to its rights to occupy the public lands on which the Kern River No. 1 project is located, discussed above under "Generating Plants".

Federal Permits and Licenses

Act of 1901

The Company's permits under the 1901 Act (31 Stat. 790 as amended) contain various provisions respecting the disposition of the works and equipment installed thereunder by the Company upon termination, or in case of revocation which may be made at the discretion of the Secretary of the Interior or the Secretary of Agriculture, or for breach of condition or other violation of the permit; these provisions include reversion to the United States under certain conditions. Some permits contain no provision regarding disposition of the property in such cases.

All the major permits held by the Company under the 1901 Act contain provisions for the "recapture" by the United States or by a state or municipality named by the United States, prior to the expiration of such permits, of properties then owned or held by the Company and then valuable or serviceable in the generation, transmission or distribution of electric or other power, and which are then dependent in whole or in part for their usefulness upon the continuance of the permit, upon the payment to the Company by the United States or such designated state or municipality of the "reasonable value" of all such properties so surrendered, and in some instances upon the payment, in addition to the reasonable value of such properties, of a bonus of $\frac{3}{4}$ of 1% of such reasonable value for each full year of the unexpired term of the permit.

The 1901 Act permits provide that upon their expiration, the permittee, upon giving notice provided in the permit, shall be deemed to have a preference right to apply for a new permit in accordance with the then existing laws and regulations. These provisions of the permits are construed by the Company to give it a preferential right to apply for a license or permit under the Federal Power Act or other legislation which may be in effect at the time of the expiration of the permits.

Act of 1911

The easements for portions of certain of the Company's transmission and telephone lines granted under the 1911 Act (36 Stat. 1253) may be forfeited for nonuse for a period of two years or for abandonment. Upon breach of the applicable regulations or the conditions of the grant, such easements may be forfeited to the United States by suit. No express provision is made for the disposition of the property constructed thereunder upon such forfeiture.

Act of 1920

The Act of 1920 as amended, now known as the "Federal Power Act," authorizes the Federal Power Commission to grant licenses for periods not exceeding fifty years for the use of public lands and reservations of the United States for power projects. Licenses issued under the Act may be altered or surrendered only upon mutual agreement after thirty days' public notice. With certain specified exceptions, the licenses are not transferable without the written approval of the Commission. Annual payments are required. The United States may, on two years' notice, take over any project covered in whole or in part by a license upon or after the expiration thereof, upon payment of the "net investment" of the licensee in the project taken, not to exceed, however, the fair value thereof, together with severance damages, if any. If the project is not so taken over, the Commission is authorized to issue a new license to the original licensee or (upon payment of the same amount the United States would be required to pay) to a new licensee, and the Commission is required to extend the original license from year to year unless and until the project is taken over or a new license issued. The Act also provides for the taking of possession of any

licensed project by the Government if, in the opinion of the President of the United States, the safety of the United States demands it, for such length of time as may appear to the President to be necessary, and for compensation for such use. The Act expressly reserves the right of the United States or any state or municipality to take over the project at any time by condemnation proceedings upon payment of just compensation. Each such license is subject to revocation for violation of its provisions or of the Act or of the regulations of the Federal Power Commission, but only by suit brought by the United States. After the first twenty years of operation, out of surplus earned thereafter, if any, accumulated in excess of a specified rate of return, the licensee is required to establish and maintain amortization reserves, which reserves shall, in the discretion of the Commission, be held until the termination of the license, or be applied from time to time in reduction of the net investment. For the purpose of establishing and maintaining said amortization reserves, the licenses issued to the Company prior to the 1935 amendment to the Act specify a rate of return upon the "actual legitimate investment" of the licensee in the licensed project or projects. In those issued after such amendment the specified rate of return is upon the "net investment" of the licensee in the licensed project or projects. Whether the Company has accumulated any surplus earnings in excess of the specified rates of return has not been determined, but the Company believes that no such earnings have been realized and therefore has made no provision for such reserves. Reference is made to Note (1) to the Consolidated Balance Sheet included under "Financial Statements".

Act of 1928

This Act of Congress, approved December 21, 1928, and known as the Boulder Canyon Project Act, authorizes the use of such public and reserved lands of the United States as may be necessary and convenient for the construction, operation and maintenance of main transmission lines to transmit electric energy from the Boulder Canyon Project. The Secretary of the Interior has questioned the applicability of this provision of the Act to lands within Indian Reservations.

California Water Rights

The Company and its predecessors have from time to time appropriated waters necessary for the operation of its hydroelectric plants in compliance with the applicable California laws. The Company has also, in certain instances, acquired title to riparian lands upon which part or all of the plant is located, and thereby acquired riparian rights. Since the enactment in 1914 of the Water Commission Act of California, now embodied in the State Water Code, the Company has with certain minor exceptions complied with this Act and procured permits or licenses thereunder for the diversion, storage and use of the waters of the San Joaquin River and its tributaries and of the Kern River necessary for the operation of its hydroelectric plants located thereon and placed in operation after the Act went into effect. These permits and licenses provide, among other things, that the duration of the Company's rights thereunder is dependent upon continued beneficial use of the appropriated water, that such rights may be revoked for certain causes, and that, on the terms and conditions therein specified, the state, municipalities or certain other public agencies may acquire the diversion works and related power plants upon payment of compensation.

The Company's appropriations of water were subject to prior vested water rights of other persons on the respective streams. In some cases it has been necessary for the Company to acquire from such persons the right to use the waters in its hydroelectric plants, insofar as such

use might otherwise invade the rights of these persons. The Company has entered into a number of contracts for this purpose, and has also acquired certain water rights by condemnation and by prescription; copies of certain of these contracts are filed as exhibits to the Registration Statement, and reference thereto is hereby made for more detailed information concerning their terms, the information herein being qualified in its entirety by such reference.

The United States Department of Justice has taken the position, in litigation involving the rights of certain landowners on the San Joaquin River below the projects of the Company, that private parties do not have property rights in the waters of a navigable river as against the United States. If this broad contention is accepted by the courts, the water rights which the Company has acquired under state law on the San Joaquin will be affected. The extent and nature of this effect would be dependent upon the position finally adopted by the courts and upon the plans and policies of the Federal Government.

The Company has, however, acquired under Federal statutes and licenses, certain rights for the maintenance and operation of its projects on the San Joaquin River and its tributaries. In the opinion of the Company these rights, and other factors, afford substantial protection against the possibility that any seriously detrimental restrictions upon its use of these waters might be imposed in the interests of the Central Valley Project, even if the above mentioned contentions were to be sustained. Reference is also made to the decision of the Federal Power Commission relating to the Kern River No. 1 project discussed under "Certain Conditions Affecting Hydro Plants".

Franchises

The Company owns three types of franchises under which it operates. A brief general description of these franchises follows:

Constitutional Franchises:

Constitutional franchises were acquired through the acceptance by the Company or its predecessors of the offer thereof contained in Section 19 of Article XI of the Constitution of the State of California as said section existed prior to its amendment on October 10, 1911. In the opinion of counsel for the Company these franchises are perpetual and extend throughout the whole of the municipalities where acquired, and do not require any annual or other payment to be made to such municipalities.

The Company owns, maintains and operates under such constitutional franchises electric transmission and distribution facilities in 47 municipalities. A list of such franchises is filed as an exhibit to the Registration Statement. The right of the Company under its constitutional franchises to distribute electricity for power and heating is in substantial doubt. However, in all areas in which the Company renders retail service, except in the City of Ventura, any constitutional franchise which it may possess has been supplemented by a municipal or county franchise covering services other than lighting.

Municipal and County Franchises:

Municipal and county franchises, granted either to the Company or its predecessors by various municipalities or counties, authorize the installation and/or maintenance and/or use by the Company of facilities for the transmission and distribution of electricity for light, heat and/or power within the territories for which granted. Such franchises have been granted pursuant to the provisions of the Broughton Act, 1905, the Franchise Act of 1937, or by special charter provisions, and require the Company to make annual payments. None of the county franchises on

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which the Company places its principal reliance expires prior to 1980. The Company has municipal franchises extending beyond 1979 in all cities shown in the population table under the caption "History and Business", except in Alhambra (expiring 1954), Long Beach (expiring 1975), Monrovia (expiring 1966), Santa Barbara (expiring 1959), and Ventura (no municipal franchise). Several of the franchises provide special methods by which the grantor may acquire the properties of the Company in the county or municipality as an alternative to condemnation.

Certain irregularities occurred in the proceedings which governed the granting of certain of the Company's franchises, and in the case of a few small municipalities these defects could form the basis for an attack in quo warranto proceedings, but, in the opinion of special counsel for the Company, taking into consideration both the nature of the defects and the particular franchises affected, the defects are not such as to affect materially the earnings of the Company. No claim of invalidity of any such franchises is being made by any of the municipalities or counties concerned.

The Company holds certificates of public convenience and necessity, granted by the Public Utilities Commission of the State of California, for operation under its franchises (with the exception of three instances where application has been or will be made) and in connection with extensions and construction of new plants, in all cases where counsel for the Company deem such certificates to be required by the Public Utilities Act of the State of California with the exception of certain additional 220,000 volt transmission lines included within the Company's construction program, for which applications have been filed.

Copies of the Company's major permits and licenses for the use of public lands of the United States (except those granted by the endorsement of the Secretary's approval upon maps showing the location of the works, filed with the Secretary of Agriculture or the Secretary of the Interior, as the case may be, and also on file in the Los Angeles office of the Company), and certain amendments thereto and the stipulations in connection therewith are filed as exhibits to the Registration Statement, which are incorporated herein by reference, and the above statements with respect to the Acts of Congress above referred to, to the permits, grants and licenses held by the Company thereunder, to the statutes of the State of California above referred to with respect to water rights, and to the permits and licenses held by the Company thereunder, are made subject to the express provisions of such acts, statutes, permits, grants and licenses, and reference thereto is hereby made for more detailed information concerning their terms.

Copies of the municipal and county franchises held by the Company are filed as exhibits to the Registration Statement, which are incorporated herein by reference, and the foregoing summaries with respect to the Company's franchises, which do not purport to be complete, are qualified in their entirety by reference to said exhibits and to the list of constitutional franchises referred to above.

MANAGEMENT

The names and addresses of the directors and officers of the Company, and the offices held by each, are as follows:

Name	Address	Position
W. C. Mullendore	601 West Fifth Street, Los Angeles 53, California	President and Director
Harry J. Bauer	621 South Spring Street, Los Angeles 14, California	Chairman of the Board and Director
Harold Quinton	601 West Fifth Street, Los Angeles 53, California	Executive Vice President and Director
H. W. Tice	601 West Fifth Street, Los Angeles 53, California	Vice President
Lane D. Webber	601 West Fifth Street, Los Angeles 53, California	Vice President and Director
N. B. Hinson	601 West Fifth Street, Los Angeles 53, California	Vice President
R. G. Kenyon	601 West Fifth Street, Los Angeles 53, California	Vice President
Wayne N. Johnson	601 West Fifth Street, Los Angeles 53, California	Vice President
R. E. Fife	601 West Fifth Street, Los Angeles 53, California	Vice President
R. C. McFadden	601 West Fifth Street, Los Angeles 53, California	Vice President
Bruce Renwick	601 West Fifth Street, Los Angeles 53, California	General Counsel
C. E. Pichler	601 West Fifth Street, Los Angeles 53, California	Comptroller
P. C. Hale	601 West Fifth Street, Los Angeles 53, California	Treasurer
T. J. Gamble	601 West Fifth Street, Los Angeles 53, California	Secretary
Harry A. Buffum	135 Pine Avenue, Long Beach 2, California	Director
Herbert Hoover, Jr.	United Geophysical Company, Inc., Pasadena 1, California	Director
A. N. Kemp	Pacific Mutual Life Insurance Company, Los Angeles 55, Calif.	Director
A. J. McFadden	1228 North Broadway, Apt. O, Santa Ana, California	Director
William B. Munro	California Institute of Technology, Pasadena 4, California	Director
James R. Page	I. N. Van Nuys Building, Los Angeles 14, California	Director
Charles H. Quinn	1120 Pacific Mutual Building, Los Angeles 14, California	Director
Alden G. Roach	Consolidated Western Steel Corporation, Los Angeles 22, Calif.	Director
James E. Shelton	Security-First National Bank of Los Angeles, Los Angeles 54, Calif.	Director

All of the officers of the Company have been connected with the Company for the past five years.

The aggregate remuneration directly or indirectly paid or set aside by the Company and its subsidiaries during the calendar year 1949 to, or for the benefit of, (1) each person who was one of the three highest-paid officers of the Company and whose aggregate remuneration exceeded \$25,000, and (2) all persons as a group who were directors or officers of the Company at any time during such year, was as follows:

Name of individual or identity of group	Capacities in which remuneration was received	Fees, salaries and commissions	Bonuses and shares in profits	Pension, retirement and similar provisions
W. C. Mullendore	President and Director	\$60,000	None	\$6,730
Harold Quinton	Executive Vice President and Director	\$38,542	None	\$1,928
H. W. Tice	Vice President	\$30,000	None	\$4,530
All Officers and Directors		\$312,540*	None	\$38,521

* Does not include \$3,263 received by three officers under the Company's pension plans in addition to officers' salaries.

The annual benefits estimated to be payable in the event of retirement at normal retirement date pursuant to the Company's pension or retirement annuity plans to the above named persons are: Mr. Mullendore, \$8,746; Mr. Quinton, \$7,351; and Mr. Tice, \$6,065.

It is estimated that the aggregate remuneration of Messrs. Mullendore, Quinton and Tice for the year 1950 will be \$70,000, \$46,666, and \$33,333, respectively.

There is set forth in the table below a list of holdings of equity securities of the Company by all directors and officers of the Company, as a group, as of March 31, 1950. No person owns of record, or is known by the Company to own beneficially, more than 10 per cent of any class of its equity securities.

<u>Title of Class</u>	<u>Type of Ownership</u>	<u>Shares Owned</u>
Original Preferred Stock	Of record and beneficially	105
Cumulative Preferred Stock	Of record and beneficially	511
Preference Stock	Of record and beneficially	511
Common Stock	Of record and beneficially	10,635
	Beneficially only	625†

†Does not include 100 shares in the name of a trustee of an irrevocable trust in which a director has a life interest.

Section 830 of the California Corporations Code provides for award by a court of indemnity to directors and officers under certain circumstances. The Company has been advised that in the opinion of the Securities and Exchange Commission the provisions of said section may be broad enough to contravene federal public policy, as expressed in the Securities Act of 1933, as amended, to the extent that such provisions seem to permit indemnification of directors and officers against liability under said act. In the event application is made under California Corporations Code Section 830 for indemnification in such a case, arising out of the issue or sale of the New Preferred Stock, by a director or officer of the Company, the Company will, unless, in the opinion of its counsel, the question has already been settled by controlling precedent, submit the question of public policy under said act as related to the enforceability of the provisions of said section to a court of appropriate jurisdiction and will be governed by the final adjudication of such issue.

DESCRIPTION OF CAPITAL STOCKS

(Including the New Preferred Stock)

General

The information set forth below is, with minor exceptions, summarized from the Articles of Incorporation of the Company, as amended, and the Certificates of Determination of Preferences of the several series of Cumulative Preferred Stock and Preference Stock. Such information does not purport to be complete or, except where specifically indicated, to summarize applicable statutory provisions. Reference is hereby made to such instruments for further information with respect to the capital stock of the Company, the following information being expressly qualified by such reference.

The terms "Original Preferred Stock", "Cumulative Preferred Stock" and "Preference Stock" refer to the entire classes of such stocks and the terms "4.32% Series", "4.88% Series", "4.48% Convertible Series" and "4.56% Convertible Series" refer to the respective existing series of the latter two classes. The Board of Directors is authorized, within the limitations and restrictions set forth in the Articles, to issue the Cumulative Preferred Stock and Preference Stock from time

to time in series and, as to any wholly unissued series, to fix the number of shares thereof and the dividend rate, conversion rights, voting rights (in addition to the voting rights provided in the Articles), redemption price and/or the voluntary liquidation preferences thereof.

In order of preferential rank, the classes of stock are: Original Preferred Stock, Cumulative Preferred Stock, Preference Stock and Common Stock.

Certificates for the New Preferred Stock will be issued in the first instance in temporary form exchangeable without charge for definitive certificates when the latter become available. The Transfer Agents for the New Preferred Stock are Bankers Trust Company, New York, N.Y., and the Company, Los Angeles, California. The Registrars for the New Preferred Stock are Manufacturers Trust Company, New York, N.Y., and Security-First National Bank of Los Angeles, Los Angeles, California.

It is the Company's intention to make application within 90 days from the date of issue of the New Preferred Stock for the listing of the New Preferred Stock on the New York Curb Exchange and on the Los Angeles and San Francisco Stock Exchanges, and for the registration thereof under the Securities Exchange Act of 1934.

Dividend Rights

The Indenture securing the Company's bonds provides, in substance, that the Company shall not pay any cash dividends except out of its surplus at December 31, 1921, and out of earnings (as defined) subsequent thereto. None of the Company's earned surplus is now restricted by this provision.

The Original Preferred Stock is entitled to cumulative quarterly dividends, as declared, at the rate of 5% per annum in preference to all other classes of stock, and is entitled to participate in any distribution to the Cumulative Preferred Stock or the Preference Stock to the extent that such distribution shall, as to any series, be greater than 5% per annum. After dividends have been declared or paid on the Common Stock for any year in an amount per share equal to the higher of (i) the highest annual dividend rate payable with respect to any Cumulative Preferred Stock or Preference Stock then outstanding, or (ii) 5% per annum, the remainder of any funds legally available therefor shall then be applicable to the payment of further dividends for such year, equally per share, upon the Original Preferred Stock and Common Stock.

Subject to the prior rights of the Original Preferred Stock, each series of Cumulative Preferred Stock, in preference to the classes junior thereto, is entitled to receive, as declared, cumulative quarterly cash dividends at the rate fixed for such series and no more.

Dividends on the New Preferred Stock will be payable quarterly on the last day of each February, May, August and November at the rate shown in the title of such stock appearing on the cover page of this Prospectus and will be cumulative from the date of issue, except that the dividend for the period from the date of issue to May 31, 1950 has been declared and set apart and is payable on August 31, 1950 to holders of record August 5, 1950.

Subject to the prior rights of the classes senior thereto, each series of Preference Stock, in preference to the Common Stock, is entitled to receive, as declared, cumulative quarterly cash dividends at the rate fixed for such series and no more.

Subject to the prior rights of the other classes and the participating rights of the Original Preferred Stock, the Common Stock is entitled to such dividends as the Board of Directors may determine.

Voting Rights

Each share is entitled to one vote. Votes may be cumulated in electing directors.

The authorized preferred stock may be increased or diminished by a two-thirds vote of the outstanding capital stock.

A two-thirds vote of the outstanding Cumulative Preferred Stock is necessary for: (a) any amendment of the Articles which would change any outstanding shares of Cumulative Preferred Stock so as: (1) to authorize assessments thereon; (2) to reduce the dividend rate thereof; (3) to make noncumulative, in whole or in part, the dividends thereon; (4) to reduce the redemption price thereof; (5) to reduce any amount payable thereon upon liquidation; (6) to eliminate, diminish or alter adversely conversion rights thereof; (7) to diminish or eliminate voting rights thereof; (8) to rearrange the priority of outstanding shares of Cumulative Preferred Stock so as to make them subject to the preferences of other then outstanding shares. If such amendment changes less than all series of Cumulative Preferred Stock, a two-thirds vote of only the series so affected is required; (b) the authorization, creation or increase in authorized amount of any stock, or any security convertible into stock, senior to the Cumulative Preferred Stock; and (c) the consolidation or merger of the Company, with certain exceptions; provided, that if the laws of California are amended to permit the consolidation or merger of the Company upon a lesser vote then only such lesser vote (provided it be at least a majority) shall be necessary. The California Corporations Code presently also requires, in effect, a two-thirds vote of any class of stock or series thereof to accomplish certain amendments of the Articles including any which would change outstanding shares thereof in the manner referred to under (a) above.

A majority vote of the outstanding Cumulative Preferred Stock is necessary for: (a) an increase in the authorized amount of the Cumulative Preferred Stock or the authorization or creation, or an increase in the authorized amount, of any stock ranking on a parity therewith or of any security convertible into Cumulative Preferred Stock or into stock ranking on a parity therewith; (b) the sale, lease, conveyance or parting with control of substantially all of the Company's property or business; and (c) the issue or reissue of any Cumulative Preferred Stock or any stock senior thereto or on a parity therewith, unless the consolidated income of the Company and its subsidiaries (as defined) for any 36 consecutive calendar months within the 39 calendar months preceding the month in which such issue is authorized shall have been at least $1\frac{1}{2}$ times the sum of 3 years' interest requirements on the indebtedness of the Company and its subsidiaries to be outstanding at the date of such issue and 3 years' dividend requirements on all Cumulative Preferred Stock and stock senior thereto or on a parity therewith to be outstanding at the date of such issue, including the shares to be issued but excluding any such indebtedness or shares to be retired in connection with such issue.

Liquidation Rights

With respect to both the Cumulative Preferred Stock and the Preference Stock, neither the consolidation or merger of the Company, nor the sale or transfer of all or a part of its assets, nor the expropriation, condemnation or seizure of all or a part of its assets by any governmental authority is to be deemed a liquidation of the Company.

On any liquidation of the Company, the Original Preferred Stock is entitled to its par value, plus unpaid accrued dividends, before any payment to the classes junior thereto, and after payment to the Cumulative Preferred Stock and Preference Stock of the amounts payable with respect thereto, and payment to the Common Stock of its par value, the remaining assets are to be distributed ratably to the Original Preferred Stock and Common Stock.

Subject to the prior rights of the classes senior thereto, each series of the Cumulative Preferred Stock and Preference Stock is entitled to be paid, before any payment is made to the classes junior thereto, upon involuntary liquidation the sum of \$25 per share, together with unpaid accrued dividends, and upon voluntary liquidation, the liquidation preference fixed by the Board of Directors for such series, such preference, in the case of the series now outstanding and in the case of the New Preferred Stock, being an amount corresponding to their respective then current redemption prices, including unpaid accrued dividends. If said sums are not paid in full, each series of each such class is to share ratably in any distribution of assets made to shares of that class in proportion to the full amounts to which they would otherwise be respectively entitled.

Subject to the prior rights of the other classes of stock, upon any liquidation of the Company, the Common Stock is entitled to its par value, and thereafter the remaining assets and funds of the Company are to be distributed ratably to the Original Preferred Stock and Common Stock.

Redemption Provisions

The Original Preferred Stock is not redeemable. Shares of Cumulative Preferred Stock and Preference Stock of any series are redeemable, at the option of the Company, upon at least 30 days' notice, at the applicable redemption prices then in effect, provided that whenever dividends on the Cumulative Preferred Stock are in default, the Company shall not purchase or redeem any Preference Stock or purchase or redeem less than all of the Cumulative Preferred Stock at the time outstanding or purchase or otherwise acquire for value any Cumulative Preferred Stock except in accordance with an offer made to all holders of such stock. Similarly whenever dividends on Preference Stock are in default, the Company shall not redeem less than all of such stock at the time outstanding or purchase or acquire for value any such stock except in accordance with an offer made to all holders of such stock. Any shares of Cumulative Preferred Stock or Preference Stock which are converted, redeemed or retired shall thereafter have the status of authorized but unissued shares and may thereafter be reissued by the Board of Directors.

The redemption prices per share (in each case plus unpaid accrued dividends) of the outstanding series are:

Series Designation	Price	Redemption Period
4.32% Series	\$29.50	On or before May 31, 1952
4.48% Convertible Series }	\$29.25	Thereafter and on or before May 31, 1957
	\$29.00	Thereafter and on or before May 31, 1962
	\$28.75	Thereafter
4.88% Series	\$27.00	Before January 1, 1953
	\$26.75	Thereafter and before January 1, 1958
	\$26.50	Thereafter and before January 1, 1963
	\$26.25	Thereafter
4.56% Convertible Series	Same as 4.88% Series except that last day of each redemption period is one day later.	

The New Preferred Stock will be redeemable at the prices hereinafter shown under the caption "Redemption Prices of New Preferred Stock".

Conversion Rights

Neither the Original Preferred Stock nor either existing series of Cumulative Preferred Stock has, and the New Preferred Stock will not have, any conversion rights. The Preference

Stock, 4.48% Convertible Series and 4.56% Convertible Series, is convertible into Common Stock at the rates in effect at the time of conversion. The present conversion rates are set forth herein under "Capitalization" and are subject to adjustment from time to time upon the occurrence of certain events.

Other Provisions

None of the classes of stock of the Company has any preemptive rights. All of the shares now outstanding are full-paid and non-assessable. All shares of New Preferred Stock will be full-paid and non-assessable. Upon the sale of the New Preferred Stock, an amount equal to its aggregate par value will be credited to stated capital, and an amount equal to any excess of the consideration received for such shares over their aggregate par value will be credited to paid-in surplus.

In November, 1947, the then Board of Directors adopted a resolution stating the policy of the Company to be, in effect, that it will use its best efforts to purchase, subject to applicable provisions of law and except in the event of an existing dividend default on the Cumulative Preferred Stock or any parity stock, each year commencing with 1949, at least 16,000 shares of the 4.88% Series at not exceeding \$26.25 per share, plus unpaid accrued dividends. All shares purchased pursuant to this policy are to be retired and cancelled, and shall be subject to reissue only in accordance with the Company's Articles. No such purchases have yet been made. The adoption of such policy by such Board of Directors may not have the legal effect of an agreement binding on succeeding Boards of Directors.

LITIGATION

The following statements are brief descriptions of certain proceedings now pending and involving the Company, all of which may not be necessary to be stated as material pending proceedings out of the ordinary routine litigation, but the information is herein stated for the purpose of more clearly presenting the status of matters involving the Company. The Company has provided no reserves for possible liability with respect to any of such proceedings.

County of Los Angeles vs. Southern California Edison Company Ltd.

In 1941, the County of Los Angeles brought suit in the Superior Court of Los Angeles County seeking a declaratory judgment defining the duties of the Company in regard to annual franchise payments made or to be made under certain county franchises and seeking an accounting for moneys due and judgment for any moneys so found to be due. The suit questions the propriety of the Company's accountings for the year 1936 which the Company contends were made in accordance with the California Supreme Court decision in *County of Tulare vs. City of Dinuba*, 188 Cal. 664; the complaint questions the validity of such decision. Pursuant to stipulation, the case has gone off calendar pending final determination of a similar case involving Southern Counties Gas Company of California in which no judgment has yet been rendered.

Negotiations have been in progress for some time with the purpose of working out a formula which will be accepted by the County of Los Angeles, and would result in the dismissal of the pending litigation. No agreement has been reached respecting the formula to be used. The Company has continued to make its payments on the basis used in 1936 for all later years.

A final decision in the gas company case should establish in California the law, which may be controlling upon the trial Court in the trial of the Company's case. Others may file similar actions.

Southern California Edison Company Ltd., et al. vs. United States of America (U. S. Court of Claims No. 46669).

There is pending in the Court of Claims of the United States an action filed by the Company and its trustees under the Company's Trust Indenture to recover just compensation for two of the Company's electric generating units and certain appurtenant equipment which were requisitioned by the United States during the war. The just compensation as of the dates of requisitionings, claimed by the Company to be \$2,630,000, was determined by the Secretary of the Treasury to be \$1,800,000. To date the Company has received \$967,479.16, representing 50% of the Secretary of the Treasury's determination plus certain partial interest adjustments.

Counsel for the government has filed a counterclaim seeking the repayment to the United States of the sum of \$264,623.20, plus interest, contending that the Company was overpaid in that amount as a result of false representations alleged to have been made by representatives of the Company, and that such just compensation for the property requisitioned was \$653,850, rather than the earlier determination of \$1,800,000. The Company has denied such allegations.

The Court of Claims Commissioner has found, in his report, for the reasons therein set forth, that the fair and just compensation for the requisitioned equipment considered as system property amounted to \$1,500,000 at the dates of requisition, and that considered as disassociated from the Company's system and as equipment for sale, the fair market value as of the dates of taking was \$653,850. The Company considers the report of the Commissioner to be incorrect, and a hearing has been held before the Court of Claims. The decision of the Court of Claims is now being awaited.

Myron E. Glenn, et al. vs. Southern California Edison Company Ltd., 4327 WM (filed March 19, 1945) and *Raymond F. Drake, et al. vs. Southern California Edison Company Ltd.*, 5544 WM (filed July 10, 1946)

The above two cases were filed against the Company by plaintiffs on the dates indicated, asserting claims, in undesignated amounts, on behalf of themselves and other employees similarly situated, for alleged unpaid overtime compensation, liquidated damages and attorneys' fees under the Fair Labor Standards Act. The plaintiffs involved fall into three general categories, to wit: (1) resident station operators, (2) resident headworks tenders, and (3) primary service men. The employees in the first two categories generally maintain their homes on the station premises, usually in Company-owned houses which they rent. These employees or the relief operators who substituted for them and who traveled from station to station were required on certain days to remain on the premises at all times so that in the event of trouble they would be available if their services were required. The primary service men differ principally in that they maintain homes away from the Company's property, but have been required on certain days to leave a telephone number where they could be reached in the event their services were required. So far as the Company is advised, no contention has thus far been advanced that when employees in any of these categories have been called out to do active overtime work they have not been paid overtime at rates of not less than time and a half.

There are at the present time 77 plaintiffs named in these suits and approximately 375 persons in similar situations who have not so far participated. During the periods involved prior to the filing of the suits, the monthly salaries for the jobs involved ranged between \$115 and \$285.

The Company has denied liability in both of the cases and takes the position that all overtime compensation to which such employees are entitled has been paid. Counsel representing plaintiffs have indicated in arguments before the Court that plaintiffs' position is that the men have been paid (exclusive of overtime payments which were made) for only eight hours per day and that under the terms of the Act they should be deemed to have worked up to twenty-four hours per day.

The Company's motions for summary judgment, predicated upon the Portal-to-Portal Act of 1947, resulted in orders dismissing the actions for want of jurisdiction. Plaintiffs have appealed, and said appeals are pending and undetermined.

FINANCIAL STATEMENTS

AUDITORS' CERTIFICATE

We have examined the consolidated balance sheet of SOUTHERN CALIFORNIA EDISON COMPANY (a California corporation, hereinafter referred to as the "Company") and its subsidiary company (Edison Securities Company) as of December 31, 1949, the related statements of income and surplus for the three years then ended, and the summary of consolidated earnings for the five years then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the accompanying balance sheet and statements of income and surplus present fairly the financial position of the companies as of December 31, 1949 and the results of their operations for the three years ended that date, and the summary of earnings included under "Summary of Consolidated Earnings" presents fairly the results of operations for the five years ended that date, and the schedules in the Registration Statement supporting the financial statements present fairly the information required to be stated therein; and all were prepared in conformity with generally accepted accounting principles applied on a consistent basis.

We do hereby consent to the use of this certificate in the Registration Statement, Form S-1, of Southern California Edison Company and in the Prospectus included therein, and to the references made to us under "Summary of Consolidated Earnings" and "Reliance" in the Prospectus, for the registration of the New Preferred Stock.

ARTHUR ANDERSEN & CO.

Los Angeles, California
February 3, 1950.

SOUTHERN CALIFORNIA EDISON COMPANY AND SUBSIDIARY COMPANY
CONSOLIDATED BALANCE SHEET—DECEMBER 31, 1949

ASSETS

Electric Plant (Note 1):		
Tangible plant at original cost.....	\$540,512,274	
Additional cost of plant acquired (plant acquisition adjustments) \$3,763,454, less amortization reserve of \$2,094,444.....	1,669,010	
Intangibles	43,377	\$542,224,661
Investments and Other Assets (Note 2):		
Cost of electric plant requisitioned by United States Government, including dismantlement expenses (amount of settlement not determined), less partial payments received of \$900,000.....	\$ 1,661,676	
Expenditures on electric plant leased to Company (net).....	2,637,477	
Real estate, oil development, etc., at cost.....	5,247,511	9,546,664
Current Assets:		
Cash in banks (demand deposits).....	\$ 7,128,450	
Working funds	198,555	
Special deposits	25,422	
United States Government obligations.....	5,000,000	
Receivables—		
Light and power customers.....	8,074,135	
Miscellaneous accounts and notes.....	1,386,020	
Reserve for uncollectible receivables (credit*).....	715,326*	
Materials and supplies, at average cost.....	12,010,206	
Prepaid taxes, insurance and other expenses.....	5,299,827	
Total current assets.....		38,407,289
Deferred Charges:		
Debt discount, redemption premium and expense on refunded issues (\$7,024,560) being amortized over period ending December 31, 1959, less net premium received on outstanding issues (\$2,415,330) being amortized over lives of such issues.....	\$ 4,609,230	
Other deferred charges.....	957,671	5,566,901
Capital Stock Selling Expense on Outstanding Issues (Note 3).....		2,661,481
		<u><u>\$598,406,996</u></u>

The accompanying notes are an integral part of this balance sheet.

SOUTHERN CALIFORNIA EDISON COMPANY AND SUBSIDIARY COMPANY
CONSOLIDATED BALANCE SHEET—DECEMBER 31, 1949

LIABILITIES

Stated Capital and Surplus:

Capital stock, par value \$25 per share (Notes 4, 5 and 9)—

Original Preferred, 5%, prior, cumulative, participating, not re-deemable, entitled in liquidation to \$25 per share plus participation with Common Stock—

Authorized, issued and outstanding—160,000 shares..... \$ 4,000,000

Cumulative Preferred, authorized—6,000,000 shares—

Issued and outstanding—

4.32% Series—1,653,429 shares..... 41,335,725

4.88% Series—800,000 shares 20,000,000

Preference, authorized—4,300,000 shares—

Issued and outstanding—

4.48% Convertible Series—1,620,131 shares..... 40,503,275

4.56% Convertible Series—617,215 shares 15,430,375

Common, authorized—8,000,000 shares, including 1,950,682 shares reserved for conversion of Preference shares and outstanding scrip—

Issued and outstanding—4,179,456 shares, plus scrip for 60.39 shares 96,145,772

Total stated capital..... \$217,415,147

Paid-in surplus—premium on original issues of capital stock..... 6,496,044

Earned surplus (Note 2)..... 19,473,503

Total stated capital and surplus..... \$243,384,694

First and Refunding Mortgage Bonds:

Series of 3s, Due 1965..... \$108,000,000

Series of 3½s, Due 1964..... 30,000,000

Series A, Due 1973 (3½%)..... 40,000,000

Series B, Due 1973 (3%)..... 25,000,000 203,000,000

Current Liabilities (Note 6):

Notes payable of subsidiary..... \$ 54,400

Accounts payable (including pay rolls of \$1,424,100)..... 9,615,732

Dividends payable..... 2,719,271

Customers' deposits..... 597,366

Taxes accrued (Note 7)..... 19,496,240

Interest accrued..... 2,264,522

Customers' advances for construction and other deferred credits..... 1,233,772

Total current liabilities..... 35,981,303

Reserves:

Depreciation \$107,968,077

Pensions (Note 8)..... 5,271,446

Frequency change expense 443,258

Insurance and casualty..... 291,799 113,974,580

Contributions in Aid of Construction..... 2,066,419

\$598,406,996

The accompanying notes are an integral part of this balance sheet.

SOUTHERN CALIFORNIA EDISON COMPANY AND SUBSIDIARY COMPANY
NOTES TO CONSOLIDATED BALANCE SHEET

December 31, 1949

(1) The amount at which electric plant is stated does not purport to represent its present-day replacement or realizable value.

Certain Federal Power Commission licenses for the Company's hydroelectric projects provide for the establishment of amortization reserves out of a portion of surplus earnings accumulated in excess of a specified rate of return upon the licensed project. Whether the Company has accumulated any surplus earnings in excess of the specified rates of return upon such projects has not been determined, but the Company believes that no such earnings have been realized and therefore has made no provision for such reserves.

(2) Edison Securities Company is a wholly owned subsidiary of the Company, of which the total assets, gross revenues and net income are less than 15% of the respective consolidated totals. In consolidating, all intercompany accounts, income and expenses have been eliminated; the excess (amounting to \$4,860,573 at December 31, 1949) of the Company's equity in net assets of such subsidiary over its related investment has been credited to consolidated earned surplus. The net income of such subsidiary amounted to \$332,023, \$602,181 and \$571,449 for the respective calendar years 1947, 1948 and 1949, none of which was distributed to the Company as dividends.

(3) The Company does not amortize capital stock selling expense, but related amounts are written off when stock is retired other than through conversion.

(4) The Cumulative Preferred Stock and the Preference Stock are redeemable upon at least 30 days' notice. The price per share and the aggregate amounts at which the outstanding shares were redeemable as of December 31, 1949 are shown below:

	Cumulative Preferred		Preference	
	4.32% Series	4.88% Series	4.48% Convertible Series	4.56% Convertible Series
Per share.....	\$29.50	\$27.00	\$29.50	\$27.00
Aggregate amount.....	\$48,776,155	\$21,600,000	\$47,793,865	\$16,664,805

(5) In November, 1947, the Board of Directors then in office adopted a resolution relating to the Cumulative Preferred Stock, 4.88% Series, stating the policy of the Company to be, in effect, that it will use its best efforts to purchase annually (beginning with 1949), subject to applicable provisions of law, 16,000 shares of such stock at not in excess of \$26.25 per share plus unpaid accrued dividends to date of purchase. No such shares have been purchased as yet.

(6) Contingent liabilities are estimated not to exceed \$500,000. The Company had substantial purchase commitments at December 31, 1949 in connection with its construction budget of approximately \$50,000,000 for 1950.

(7) The Federal income and excess profits tax returns of the Company and Edison Securities Company have been examined by the Treasury Department through the calendar year 1945. The Company is of the opinion that adequate provisions have been made for income and excess profits taxes for all open years to date; however, the accrual for taxes does not provide for the possible additional taxes which may be assessed if the Treasury Department is successful in enforcing the proposed deferment (for income tax purposes) of frequency change expenses which is discussed in Note 2 to the Statements of Consolidated Income. The Company has filed applications for excess profits tax relief under the provisions of Section 722 of the Internal Revenue Code for the years 1942 through 1945, the years that the Company was subject to such tax. The Commissioner of Internal Revenue has denied the application for 1942 and the Company has petitioned the Tax Court for a hearing on the matter. No benefit under such provisions is reflected in the Company's financial statements for any of the open years.

(8) A reserve for pensions has been provided in respect of a noncontributory pension plan which was adopted March 1, 1938 and which applies primarily to service prior to July 1, 1934. The Company has made reserve provisions from income on an actuarial basis for the estimated liability to annuitants when and as individual employees complete the necessary service requirements and are eligible for retirement. In 1949 the Company made an additional pension reserve provision of \$850,000 and intends to make an additional provision of approximately \$873,000 in 1950 to bring the reserve up to the estimated actuarial requirement with respect to all employees under the plan.

The Company adopted as of July 1, 1941, a plan which provides for the acquisition by its employees of insurance company annuities. Joint contributions are made in amounts based upon employees' compensation for service subsequent to July 1, 1941. The Company's contributions, approximating two-thirds of the total, are charged to expense currently.

(9) The Company intends to register and sell 1,000,000 shares of a new series of Cumulative Preferred Stock (being offered by this Prospectus), and to use the net proceeds therefrom to retire current borrowings from banks and to reimburse its treasury for certain expenditures heretofore made for the acquisition of property and for construction, completion, extension or improvement of its facilities.

SOUTHERN CALIFORNIA EDISON COMPANY AND SUBSIDIARY COMPANY
STATEMENTS OF CONSOLIDATED INCOME

For the Three Years Ended December 31, 1949

	Year Ended December 31		
	1947	1948	1949
OPERATING REVENUES:			
Electric sales.....	\$83,822,060	\$94,818,857	\$ 99,482,753
Other operating revenues.....	1,055,227	760,128	652,305
Total operating revenues.....	\$84,877,287	\$95,578,985	\$100,135,058
OPERATING EXPENSES AND TAXES:			
Operation—			
Power—			
Fuel for electric generation.....	\$ 8,903,367	\$12,011,307	\$ 10,431,972
Other production expenses.....	1,643,584	1,980,661	2,011,985
Purchased—Hoover Dam.....	2,459,558	2,701,070	2,797,035
Purchased from others.....	1,400,935	3,927,281	929,886
Transmission and distribution.....	4,983,973	5,406,509	5,685,629
Commercial and new business.....	3,875,042	4,584,586	5,574,940
Employees' welfare and pensions (includes additional pension reserve provision of \$850,000 in 1949).....	1,346,002	1,529,978	2,697,585
Administrative and general.....	3,189,882	3,283,446	3,750,702
Total operation.....	\$27,802,343	\$35,424,838	\$ 33,879,734
Maintenance and repairs (Notes 1 and 3).....	\$ 6,498,167	\$ 8,445,133	\$ 11,629,900
Provision for frequency change expense (Note 2).....	12,000,000	11,260,000	—
Provision for depreciation (Notes 1 and 3).....	9,296,827	9,968,097	10,961,821
Amortization of acquisition adjustments (Notes 1 and 3).....	261,806	261,805	261,805
State, local and miscellaneous taxes (Note 3).....	9,386,576	10,283,714	11,715,471
Federal income taxes (Note 2).....	5,614,700	4,708,000	8,961,000
Total operating expenses and taxes.....	\$70,860,419	\$80,351,587	\$ 77,409,731
Net operating income.....	\$14,016,868	\$15,227,398	\$ 22,725,327
OTHER INCOME:			
Oil revenues and royalties (net) (Note 4).....	\$ 1,752,848	\$ 2,511,137	\$ 2,092,739
Interest and miscellaneous.....	115,816	142,617	158,796
Total other income.....	\$ 1,868,664	\$ 2,653,754	\$ 2,251,535
Gross income.....	\$15,885,532	\$17,881,152	\$ 24,976,862
DEDUCTIONS:			
Interest on bonds.....	\$ 4,215,000	\$ 5,633,749	\$ 6,215,000
Amortization of discount, redemption premium and expense on refunded bonds (\$702,456 annually) less amortization of premium on outstanding bonds.....	572,624	552,466	553,987
Other interest.....	222,415	394,824	69,637
Interest charged to construction (credit*).....	454,254*	589,182*	801,549*
Total deductions.....	\$ 4,555,785	\$ 5,991,857	\$ 6,037,075
Net income.....	\$11,329,747	\$11,889,295	\$ 18,939,787

The accompanying notes are integral parts of these statements of income.

SOUTHERN CALIFORNIA EDISON COMPANY AND SUBSIDIARY COMPANY

NOTES TO STATEMENTS OF CONSOLIDATED INCOME

For the Three Years Ended December 31, 1949

(1) The Company has provided for depreciation of electric plant (other than transportation equipment, tools and work equipment which are depreciated on a usage basis) during the period on an estimated life basis using the sinking fund method with an interest factor of 5 per cent. This method with varying interest factors has been used by the Public Utilities Commission of the State of California in its regulatory proceedings for this Company and other utility companies over a long period of years. Investment real estate (timber land) and oil well drilling costs and equipment are depleted on a unit of production basis.

Electric plant acquisition adjustments, represented by the additional cost to the Company over original cost of plant acquired, are being amortized over the 15 year period ending December 31, 1956, or \$261,805 annually. Franchises are written off on their expiration or abandonment.

It is the practice of the Company and its subsidiary to charge maintenance expense with the cost of repairs, including renewals of minor items of property, and to charge plant account with the cost of renewals and replacements of property units, as distinguished from minor items. The depreciation reserve is charged with the cost, estimated if not known, of property retired, and is credited with the resulting salvage less removal cost, but no further adjustment is made of the accumulated reserve when properties are retired or otherwise disposed of in the ordinary course of business.

(2) During the latter part of 1945, the Company initiated a program of changing its system-wide frequency to 60 cycles, which program was substantially completed in 1948. In accordance with a resolution of the Public Utilities Commission of the State of California, the Company has provided the amount of \$34,409,383 from income during the period from 1945 to 1948, inclusive, to cover such costs other than plant betterments. Expenditures of \$33,373,011 during that period and \$593,114 during the year 1949 were charged against such provisions leaving a reserve balance of \$443,258 to cover estimated cleanup costs. Plant betterments (amounting to approximately \$5,000,000) in connection with this program are accounted for in the same manner as other additions and betterments.

The Company during the years 1946, 1947, and 1948 calculated the provision for Federal income taxes by considering as a deduction the lesser of (1) the provision for frequency change expense, or (2) the actual frequency change expenditures charged against the reserve. Following such procedure the reserve provisions of \$12,000,000 in 1947 and \$11,260,000 in 1948 and the expenditures of \$5,687,443 in 1946 were deducted in making such calculations. Although the Treasury Department tentatively agreed early in 1948 to the deduction (for income tax purposes) of frequency change costs as incurred, it now contends that these costs should be amortized over a ten-year period. The Company believes that such costs are properly deductible from income during the period of conversion as approved by the Public Utilities Commission, and intends to contest any deferment thereof for income tax purposes; accordingly, it has not paid or provided for the additional income taxes which may be assessed as a result of deferment but which would be recoverable, depending upon the prevailing tax law, through tax reductions during the period of such proposed amortization.

(3) The amounts of maintenance and repairs, depreciation, amortization and taxes charged to other income and balance sheet accounts are not significant. Taxes, other than Federal income, are classified below:

	Year Ended December 31		
	1947	1948	1949
Real estate and personal property.....	\$ 6,373,841	\$ 7,577,885	\$ 8,863,454
Federal excise tax on electric energy.....	1,455,054	1,603,469	1,799,500
State franchise tax.....	850,121	391,939	400,093
Pay roll taxes.....	318,596	202,356	288,338
Other taxes.....	388,964	508,065	364,086
Total.....	\$ 9,386,576	\$10,283,714	\$11,715,471

Rents paid totaled \$674,897, \$623,099 and \$671,232 respectively, for 1947, 1948 and 1949, including amounts of \$340,878, \$346,455 and \$359,754 respectively, representing rent paid by the Company under a lease (expiring May 29, 1957, with option of renewal by City of Vernon for period or periods of ten years) covering the production and distribution properties in the City of Vernon, California, which item is included in distribution expense in the accompanying statements of income. Rents paid for 1947, 1948 and 1949, also include \$190,677, \$110,762 and \$125,478 respectively, to the Metropolitan Water District of Southern California for joint use of certain transmission facilities under a contract expiring May 31, 1987. Other rents paid cover district commercial offices, various transmission and distribution facilities, etc. The above totals do not include contract payments for the use and servicing of certain office equipment. No royalties were paid.

(4) Federal income taxes of \$318,501, \$583,718 and \$481,941 for the respective years 1947, 1948 and 1949 have been deducted from oil revenues and royalties.

SOUTHERN CALIFORNIA EDISON COMPANY AND SUBSIDIARY COMPANY
STATEMENTS OF CONSOLIDATED SURPLUS
For the Three Years Ended December 31, 1949

EARNED SURPLUS			
	Year Ended December 31		
	1947	1948	1949
BALANCE AT BEGINNING OF PERIOD.....	\$15,594,451	\$11,868,050	\$13,596,050
ADD:			
Net income, from statements of consolidated income.....	11,329,747	11,889,295	18,939,787
Other credits	23,924	68,100	4,657
	<u>\$26,948,122</u>	<u>\$23,825,445</u>	<u>\$32,540,494</u>
DEDUCT:			
Dividends—paid or payable in cash, on—			
Original Preferred Stock†.....	\$ 239,936	\$ 240,143	\$ 299,995
Preferred Stock—			
Series "B"—6%	1,475,835	558*	574*
Series "C"—5½%	827,831	860	580*
Cumulative Preferred Stock—			
4.32% Series	1,026,794	1,785,703	1,785,703
4.88% Series		935,359	976,000
Preference Stock—			
4.48% Convertible Series.....	1,218,904	1,851,355	1,839,646
4.56% Convertible Series.....		640,783	807,539
Common Stock†	4,772,463	4,775,750	7,354,187
Total dividends deductions.....	\$ 9,561,763	\$10,229,395	\$13,061,916
Appropriation to stated capital.....	1,229,614		
Premium paid on redemption of Preferred Stock.....	1,526,854		
Capital stock selling expenses applicable to Preferred Stock redeemed	2,626,328		
Expenses of redeeming Preferred Stock.....	49,482		
Other charges	86,031		5,075
Total deductions	<u>\$15,080,072</u>	<u>\$10,229,395</u>	<u>\$13,066,991</u>
BALANCE AT CLOSE OF PERIOD.....	<u>\$11,868,050</u>	<u>\$13,596,050</u>	<u>\$19,473,503</u>

*Denotes red figure.

†Prior dividend rate per share of \$.375 per quarter changed to \$.50 per quarter by declaration made in April 1949.

PAID-IN SURPLUS—PREMIUM ON ORIGINAL ISSUES OF CAPITAL STOCK

BALANCE AT BEGINNING OF PERIOD.....	\$	\$ 1,616,044	\$ 1,696,044
ADD:			
Premium received on issue of—			
Cumulative Preferred Stock, 4.32% Series, and Preference Stock, 4.48% Convertible Series.....	1,576,044		
Cumulative Preferred Stock, 4.88% Series.....	40,000		
Preference Stock—4.56% Convertible Series.....		80,000	
Common Stock			4,800,000
BALANCE AT CLOSE OF PERIOD.....	<u>\$ 1,616,044</u>	<u>\$ 1,696,044</u>	<u>\$ 6,496,044</u>

LEGAL OPINIONS

The legality of the New Preferred Stock will be passed upon for the Company by Messrs. O'Melveny & Myers, 433 South Spring Street, Los Angeles 13, California, special counsel for the Company, and by Bruce Renwick, Esq., 601 West Fifth Street, Los Angeles 53, California, General Counsel for the Company, and for the Underwriters by Messrs. Sullivan & Cromwell, 48 Wall Street, New York 5, N. Y., except that as to the incorporation of the Company and all other matters governed by California law Messrs. Sullivan & Cromwell will rely upon the opinion of Messrs. O'Melveny & Myers.

RELIANCE

The statements made, as to matters of law and legal conclusions, under "Regulation", "Municipal Ownership and Other Competition", "Property" (with respect to titles, licenses, permits, government contracts and water rights, and the material appearing under "Boulder Canyon Project—Hoover Dam"), "Description of Capital Stocks" and "Litigation" have been prepared or reviewed by Messrs. Bruce Renwick, General Counsel, and Rollin E. Woodbury, Assistant General Counsel for the Company. G. E. Trowbridge, Assistant Counsel for the Company, has also reviewed such statements except as to "Description of Capital Stocks" and "Litigation".

The statements made, as to matters of law and legal conclusions, under "Franchises" have been prepared or reviewed by Bruce Renwick, Esq., General Counsel, and Messrs. O'Melveny & Myers, special counsel for the Company, which counsel have relied in part upon an opinion of Howard M. Carter, Esq., deceased, dated September 13, 1935. The statements made, as to matters of law and legal conclusions, with respect to the suit by the United States against the State of California described under "Generating Plants" have been prepared or reviewed by Messrs. O'Melveny & Myers, special counsel for the Company. Messrs. O'Melveny & Myers have also prepared or reviewed the statements made as to matters of law and legal conclusions under "Regulation", "Certain Conditions Affecting Hydro Plants", "California Water Rights" and "Description of Capital Stocks".

The statements made, as to the Company's crude oil reserves, under "Generating Plants", have been prepared or reviewed by Mr. Graydon Oliver, an independent registered petroleum engineer retained by the Company.

The financial statements and schedules for the three years ended December 31, 1949 included herein and in the related Registration Statement, and the summary of earnings for the five years ended December 31, 1949, included herein under "Summary of Consolidated Earnings", have been examined by, and are accompanied by the certificate of, Messrs. Arthur Andersen & Co., independent public accountants.

All of said statements and information are set forth herein and in the Registration Statement in reliance upon the authority of said firms and individuals, respectively.

REDEMPTION PRICES OF NEW PREFERRED STOCK

The redemption price from time to time of the New Preferred Stock will be:

- \$26.25 per share if redeemed on or before May 31, 1955;
- \$26.00 per share if redeemed thereafter and on or before May 31, 1960;
- \$25.75 per share if redeemed thereafter and on or before May 31, 1965; and
- \$25.50 per share if redeemed thereafter;

together, in each case, with an amount equal to all accumulated and unpaid dividends to and including the date of redemption.

UNDERWRITING

The Underwriters named below have severally agreed, subject to the terms and conditions of the Underwriting Agreement, to purchase from the Company the respective number of shares of New Preferred Stock set forth below:

Underwriters	Address	Number of Shares to be Purchased
The First Boston Corporation	100 Broadway, New York 5, N. Y.	74,000
Harris, Hall & Company (Incorporated)	111 West Monroe Street, Chicago 3, Ill.	20,000
A. C. Allyn and Company, Incorporated	100 West Monroe Street, Chicago 3, Ill.	9,000
American Securities Corporation	25 Broad Street, New York 4, N. Y.	5,000
Bacon, Whipple & Co.	135 South La Salle Street, Chicago 3, Ill.	4,000
Bailey & Davidson	155 Sansome Street, San Francisco 4, Calif.	2,000
Robert W. Baird & Co., Incorporated	110 East Wisconsin Avenue, Milwaukee 1, Wisc.	5,000
Ball, Burge & Kraus	Union Commerce Bldg., Cleveland 14, Ohio	4,000
J. Barth & Co.	482 California Street, San Francisco 4, Calif.	5,000
Bateman, Eichler & Co.	453 South Spring Street, Los Angeles 13, Calif.	10,000
Bear, Stearns & Co.	1 Wall Street, New York 5, N. Y.	7,000
Bingham, Walter & Hurry	621 South Spring Street, Los Angeles 14, Calif.	5,000
Blair, Rollins & Co. Incorporated	44 Wall Street, New York 5, N. Y.	12,000
William Blair & Company	135 South La Salle Street, Chicago 3, Ill.	4,000
Blunt Ellis & Simmons	208 South La Salle Street, Chicago 4, Ill.	4,000
Blyth & Co., Inc.	14 Wall Street, New York 5, N. Y.	38,750
Bosworth, Sullivan & Company, Incorporated	17th Street at California, Denver 2, Colo.	4,000
Alex. Brown & Sons	135 East Baltimore Street, Baltimore 2, Md.	5,000
Brush, Slocumb & Co.	One Montgomery Street, San Francisco 4, Calif.	10,000
Quincy Cass Associates	523 West 6th Street, Los Angeles 14, Calif.	1,000
Central Republic Company (Incorporated)	209 So. La Salle Street, Chicago 90, Ill.	9,000
Clark, Dodge & Co.	61 Wall Street, New York 5, N. Y.	9,000
Coffin & Burr, Incorporated	60 State Street, Boston 9, Mass.	7,000
Julien Collins & Company	105 South La Salle Street, Chicago 3, Ill.	4,000
Conrad, Bruce & Co.	Russ Bldg., San Francisco 4, Calif.	1,000
Crowell, Weedon & Co.	650 South Spring Street, Los Angeles 14, Calif.	10,000
Henry Dahlberg & Company	11 East Pennington Street, Tucson, Ariz.	2,000
Davies & Mejia	Russ Bldg., San Francisco 4, Calif.	5,000
Davis, Skaggs & Co.	111 Sutter Street, San Francisco 4, Calif.	5,000
Dempsey-Tegeler & Co.	407 North 8th Street, St. Louis 1, Mo.	3,000
Drexel & Co.	1500 Walnut Street, Philadelphia 1, Pa.	9,000
Francis I. du Pont & Co.	1 Wall Street, New York 5, N. Y.	2,000
Eastman, Dillon & Co.	15 Broad Street, New York 5, N. Y.	17,750

Underwriters	Address	Number of Shares to be Purchased
Elworthy & Co.	111 Sutter Street, San Francisco 4, Calif.	8,000
Equitable Securities Corporation	2 Wall Street, New York 5, N. Y.	5,000
Estabrook & Co.	15 State Street, Boston 9, Mass.	4,000
Fewel & Co.	453 South Spring Street, Los Angeles 13, Calif.	2,000
First California Company	300 Montgomery Street, San Francisco 20, Calif.	10,000
The First Cleveland Corporation	700 National City-East Sixth Bldg., Cleveland 14, Ohio	2,000
First of Michigan Corporation	1500 Buhl Bldg., Detroit 26, Mich.	2,000
First Southwest Company	Mercantile Bank Bldg., Dallas 1, Tex.	2,000
Maxfield H. Friedman	111 Sutter Street, San Francisco 4, Calif.	1,000
Glore, Forgan & Co.	40 Wall Street, New York 5, N. Y.	17,750
Goldman, Sachs & Co.	30 Pine Street, New York 5, N. Y.	17,750
Granbery, Marache & Co.	52 Broadway, New York 4, N. Y.	2,000
Wesley Hall & Co.	First National Bldg., San Diego 1, Calif.	2,000
Hannaforb & Talbot	519 California Street, San Francisco 4, Calif.	1,000
Wm. P. Harper & Son & Company	1504 Third Avenue, Seattle 1, Wash.	2,000
Harriman Ripley & Co., Incorporated	63 Wall Street, New York 5, N. Y.	17,750
Harrington & Co.	696 East Colorado Street, Pasadena 1, Calif.	1,000
Hayden, Stone & Co.	25 Broad Street, New York 4, N. Y.	7,000
Hill Richards & Co.	621 South Spring Street, Los Angeles 14, Calif.	10,000
J. J. B. Hilliard & Son	419 West Jefferson Street, Louisville 2, Ky.	2,000
J. A. Hogle & Co.	132 Main Street, Salt Lake City 1, Utah	2,000
Hooker & Fay	315 Montgomery Street, San Francisco 4, Calif.	1,000
Hope & Co.	530 Broadway, San Diego 1, Calif.	2,000
Hopkins, Harbach & Co.	609 South Grand Avenue, Los Angeles 17, Calif.	1,000
Hornblower & Weeks	40 Wall Street, New York 5, N. Y.	9,000
E. F. Hutton & Company	61 Broadway, New York 6, N. Y.	10,000
The Illinois Company	231 South La Salle Street, Chicago 4, Ill.	4,000
William D. James Company	California State Life Bldg., Sacramento 14, Calif.	1,000
Jones, Cosgrove & Co.	234 East Colorado Street, Pasadena 1, Calif.	1,000
Kerr & Bell	210 West 7th Street, Los Angeles 14, Calif.	1,000
Kidder, Peabody & Co.	17 Wall Street, New York 5, N. Y.	17,750
Kirkpatrick-Pettis Company	540 Omaha National Bank Bldg., Omaha 2, Nebr.	2,000
Frank Knowlton & Co.	Bank of America Bldg., Oakland 12, Calif.	1,000
Kuhn, Loeb & Co.	52 William Street, New York 5, N. Y.	37,000
Laird, Bissell & Meeds	Du Pont Bldg., Wilmington 99, Del.	4,000
W. C. Langley & Co.	115 Broadway, New York 6, N. Y.	12,000
Lawson, Levy & Williams	One Montgomery Street, San Francisco 4, Calif.	2,000
H. Irving Lee & Co.	1st National Bank Bldg., San Jose 15, Calif.	1,000
Lee Higginson Corporation	40 Wall Street, New York 5, N. Y.	7,000
Lehman Brothers	One William Street, New York 4, N. Y.	17,750
Lester & Co.	621 South Spring Street, Los Angeles 14, Calif.	10,000
Irving Lundborg & Co.	486 California Street, San Francisco 4, Calif.	5,000
Laurence M. Marks & Co.	49 Wall Street, New York 5, N. Y.	7,000
Mason Brothers	1412 Central Bank Bldg., Oakland 12, Calif.	1,000
McAndrew & Co., Incorporated	235 Montgomery Street, San Francisco 4, Calif.	3,000
Merrill Lynch, Pierce, Fenner & Beane	70 Pine Street, New York 5, N. Y.	17,750
Revel Miller & Co.	650 South Spring Street, Los Angeles 14, Calif.	3,000
The Milwaukee Company	207 East Michigan Street, Milwaukee 2, Wisc.	5,000
Mitchum, Tully & Co.	405 Montgomery Street, San Francisco 4, Calif.	8,000
Moore, Leonard & Lynch	Union Trust Bldg., Pittsburgh 19, Pa.	2,000
Morgan & Co.	634 South Spring Street, Los Angeles 14, Calif.	2,000

Underwriters	Address	Number of Shares to be Purchased
Morgan Stanley & Co.	2 Wall Street, New York 5, N. Y.	37,000
Maynard H. Murch & Co.	1186 Union Commerce Bldg., Cleveland 14, Ohio	4,000
Newhard, Cook & Co.	400 Olive Street, St. Louis 2, Mo.	2,000
E. M. Newton & Company	201 Devonshire Street, Boston 10, Mass.	2,000
The Ohio Company	51 North High Street, Columbus 15, Ohio	4,000
Pacific Company of California	623 South Hope Street, Los Angeles 17, Calif.	10,000
Pacific Northwest Company	501 Exchange Bldg., Seattle 14, Wash.	5,000
Paine, Webber, Jackson & Curtis	25 Broad Street, New York 4, N. Y.	9,000
Pasadena Corporation	234 East Colorado Street, Pasadena 18, Calif.	2,000
R. W. Pressprich & Co.	68 William Street, New York 5, N. Y.	9,000
Putnam & Co.	6 Central Row, Hartford 4, Conn.	4,000
Reinholdt & Gardner	400 Locust Street, St. Louis 2, Mo.	2,000
Riter & Co.	40 Wall Street, New York 5, N. Y.	2,000
Rotan, Mosle and Moreland	104 Cotton Exchange Bldg., Galveston, Tex.	2,000
Salomon Bros. & Hutzler	60 Wall Street, New York 5, N. Y.	12,000
Schoellkopf, Hutton & Pomeroy, Inc.	70 Niagara Street, Buffalo 2, N. Y.	7,000
Schwabacher & Co.	600 Market Street, San Francisco 4, Calif.	8,000
Chas. W. Scranton & Co.	209 Church Street, New Haven 7, Conn.	4,000
Frank C. Shaughnessy & Co.	111 Sutter Street, San Francisco 4, Calif.	1,000
Shearson, Hammill & Co.	14 Wall Street, New York 5, N. Y.	2,000
Shields & Company	44 Wall Street, New York 5, N. Y.	9,000
Shuman, Agnew & Co.	155 Sansome Street, San Francisco 4, Calif.	7,000
Singer, Deane & Scribner	1045 Union Trust Bldg., Pittsburgh 19, Pa.	2,000
Smith, Barney & Co.	14 Wall Street, New York 5, N. Y.	17,750
William R. Staats Co.	640 South Spring Street, Los Angeles 14, Calif.	20,000
Starkweather & Co.	111 Broadway, New York 6, N. Y.	2,000
Stern Brothers & Co.	1009-15 Baltimore Avenue, Kansas City 6, Mo.	5,000
Stern, Frank & Meyer	325 West 8th Street, Los Angeles 14, Calif.	5,000
Stone & Webster Securities Corporation	90 Broad Street, New York 4, N. Y.	17,750
Stone & Youngberg	948 Russ Bldg., San Francisco 4, Calif.	2,000
J. S. Strauss & Co.	155 Montgomery Street, San Francisco 4, Calif.	2,000
Stroud & Company, Incorporated	123 South Broad Street, Philadelphia 9, Pa.	5,000
Sutro & Co.	407 Montgomery Street, San Francisco 4, Calif.	5,000
Henry F. Swift & Co.	490 California Street, San Francisco 4, Calif.	1,000
Spencer Trask & Co.	25 Broad Street, New York 4, N. Y.	9,000
Tucker & Company	132 Pine Avenue, Long Beach 2, Calif.	1,000
Tucker, Anthony & Co.	120 Broadway, New York 5, N. Y.	5,000
Union Securities Corporation	65 Broadway, New York 6, N. Y.	17,750
Van Alstyne Noel Corporation	52 Wall Street, New York 5, N. Y.	2,000
Wagenseller & Durst, Inc.	626 South Spring Street, Los Angeles 14, Calif.	5,000
G. H. Walker & Co.	One Wall Street, New York 5, N. Y.	7,000
Walston, Hoffman & Goodwin	265 Montgomery Street, San Francisco 4, Calif.	5,000
Watling, Lerchen & Co.	Ford Bldg., Detroit 26, Mich.	4,000
Weeden & Co., Incorporated	14 Wall Street, New York 5, N. Y.	10,000
C. N. White & Co.	Central Bank Bldg., Oakland 12, Calif.	1,000
White, Weld & Co.	40 Wall Street, New York 5, N. Y.	17,750
Whiting, Weeks & Stubbs	53 State Street, Boston 9, Mass.	4,000
Dean Witter & Co.	45 Montgomery Street, San Francisco 6, Calif.	50,000
Wood, Struthers & Co.	20 Pine Street, New York 5, N. Y.	5,000
Wulff, Hansen & Co.	450 Russ Bldg., San Francisco 4, Calif.	2,000
	Total	1,000,000

The Underwriting Agreement does not irrevocably bind the Underwriters to purchase the New Preferred Stock, but provides that under certain conditions it may be terminated by the Representatives of the Underwriters, with the consent of the Underwriters (including the Representatives) of 50% of the New Preferred Stock, and that the obligations of the several Underwriters are subject, among other things, to the approval of certain legal matters by their counsel and to the continued truth at the Closing Date of certain representations and warranties as to the condition of the Company. In the event of a default by one or more Underwriters in the purchase of the New Preferred Stock agreed to be purchased by them, the remaining non-defaulting Underwriters are obligated proportionately to purchase such defaulted New Preferred Stock up to an aggregate maximum of 100,000 shares; and in the event of the failure of other or substituted Underwriters to purchase all defaulted New Preferred Stock, the Company may either terminate the Underwriting Agreement or elect to proceed with the sale and delivery of less than all the New Preferred Stock.

The foregoing brief summary of certain provisions of the Underwriting Agreement is qualified in its entirety by reference to the copy thereof filed as an exhibit to the Registration Statement.

TERMS OF OFFERING

The several Underwriters, through their Representatives, The First Boston Corporation and Harris, Hall & Company (Incorporated), have advised the Company as follows:

The Underwriters propose to make a public offering of the New Preferred Stock at the initial public offering price set forth on the Cover Page of this Prospectus for delivery when, as and if issued and accepted by the Underwriters and subject to the approval of counsel and to their right to withdraw, cancel or modify such offer and to reject orders in whole or in part.

The Representatives have been authorized to sell such of the New Preferred Stock as they may determine, for the accounts of the several Underwriters, to Selected Dealers (including Underwriters) at the public offering price less a concession of 23¢ and to others at the public offering price. Purchases and sales of New Preferred Stock may be made between the Representatives and Selected Dealers at not less than the net price to Selected Dealers, and, with the Representatives' consent, among Underwriters at not less than the purchase price to the Company. After the initial public offering, the Representatives may change the public offering price and the concessions and discounts.

The Representatives have been authorized in their discretion and for the accounts of the several Underwriters, during the life of the Agreement Among Underwriters, to make purchases and sales of the New Preferred Stock and of the Company's outstanding Cumulative Preferred Stock, 4.32% Series, in the open market or otherwise, for long or short account, on such terms and at such prices as the Representatives deem advisable, and to over-allot in arranging sales of the New Preferred Stock and, either before or after termination of such Agreement, to cover any short position so incurred. At no time will the net commitment of any Underwriter resulting from such purchases, sales and over-allotments exceed 10% of such Underwriter's underwriting obligation.

Each Underwriter has agreed that, during the life of the Agreement Among Underwriters, or such shorter period as the Representatives may determine, it will not buy or sell any New Preferred Stock or any of the Company's outstanding Cumulative Preferred Stock, 4.32% Series, except as a broker pursuant to unsolicited orders and as permitted by such Agreement.

Any New Preferred Stock sold by an Underwriter which the Representatives purchase in the open market for an Underwriter's account, prior to the termination of the Agreement Among Underwriters, shall be repurchased by the original selling Underwriter on demand at the cost of such purchase plus commission and taxes, or may be sold by the Representatives for such Underwriter's account, or such Underwriter's account may be charged with not to exceed the Selected Dealers' concession on such New Preferred Stock.

Sales of New Preferred Stock to Selected Dealers will be made by the Representatives on the assumption that such New Preferred Stock will be effectively placed for investment. If, prior to the termination of the Selling Agreement, the Representatives purchase in the open market for an Underwriter's account New Preferred Stock sold to a Selected Dealer and not effectively placed for investment, repayment of the concession allowed to such dealer on such New Preferred Stock may be required.

The Agreement Among Underwriters and the Selling Agreement will terminate 15 days after the initial public offering, or earlier as the Representatives may determine. Both Agreements may be extended for 15 days under certain conditions.

The foregoing brief summaries of certain provisions of the Agreement Among Underwriters and the Selling Agreement are qualified in their entirety by reference to the copies thereof filed as exhibits to the Registration Statement.

SOUTHERN CALIFORNIA EDISON COMPANY

By

W. C. Mullendore
President

This Prospectus contains information concerning the Company and its New Preferred Stock, but does not contain all of the information set forth in the Registration Statement, and the exhibits and schedules relating thereto, which the Company has filed with the Securities and Exchange Commission, Washington, D. C., under the Securities Act of 1933, as amended, and to which reference is hereby made.

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No dealer, salesman or other person has been authorized to give any information or to make any representations other than as contained herein, and if given or made such information or representations must not be relied upon as having been authorized by the Company. This Prospectus does not constitute an offer to sell or a solicitation of an offer to buy any of the New Preferred Stock in any State to any person to whom it is unlawful to make such offer or solicitation in such State.

Southern California Edison Company



1,000,000 Shares
CUMULATIVE PREFERRED STOCK,
4.08% SERIES
(\$25 Par Value)

PROSPECTUS

May 17, 1950