PROSPECTUS

2,000,000 Shares

Southern California Edison Company

Cumulative Preferred Stock, 9.20% Series

($25 par value)

Redeemable at $27.25 per share prior to July 1, 1980; at $26.50 per share thereon or thereafter and prior to July 1, 1985; at $25.75 per share thereon or thereafter and prior to July 1, 1990; and at $25.25 per share thereon or thereafter; plus, in each case, dividends accrued to the redemption date; provided that, prior to July 1, 1980, no redemption may be made through refunding with proceeds from the sale of long-term indebtedness or of preferred stock senior to or on a parity with the New Stock at an effective cost of money to the Company of less than 9.465% per annum.

The Company intends to apply for listing of the New Stock on the American and Pacific Stock Exchanges.

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 Commissions(2)	Proceeds to Company(3)
Per Share	$25.00	$.70	$24.30
Total	$50,000,000	$1,400,000	$48,600,000

(1) Plus accrued dividends, if any, from date of issue.

(2) The Company has agreed to indemnify the several Underwriters against certain civil liabilities, including liabilities under the Securities Act of 1933.

(3) Before deducting expenses of the Company estimated at $160,000.

The shares of the New Stock are offered by the several Underwriters when, as and if issued by the Company and accepted by the Underwriters and subject to their right to reject orders in whole or in part. It is expected that the New Stock will be ready for delivery on or about June 19, 1975.

The First Boston Corporation

Dean Witter & Co.
Incorporated

Blyth Eastman Dillon & Co.
Incorporated

Merrill Lynch, Pierce, Fenner & Smith
Incorporated

The date of this Prospectus is June 11, 1975.

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITERS MAY OVER-ALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE SECURITIES HEREBY OFFERED AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

The Company is subject to the informational requirements of the Securities Exchange Act of 1934 and in accordance therewith files reports and other information with the Securities and Exchange Commission. Information as of December 31, 1974 concerning the Company's directors and officers, their remuneration, options granted to them, the principal holders of securities of the Company, and any material interest of such persons in transactions with the Company is disclosed, to the extent deemed appropriate under applicable regulations, in a proxy statement dated March 3, 1975, distributed to shareholders of the Company and filed with the Commission. Such proxy statement and other reports and information on file can be inspected at the Public Reference Room of the Commission at 1100 L Street, N.W., Washington, D.C., and copies of such material can be obtained at prescribed rates from the Commission at its principal office at 500 North Capitol Street, N. W., Washington, D.C. 20549. Certain of the Company's securities are listed on the New York Stock Exchange (New York), American Stock Exchange (New York) and Pacific Stock Exchange (San Francisco), where reports, proxy statements and other information concerning the Company can be inspected.

THE COMPANY

Southern California Edison Company, incorporated in 1909 under the laws of California, is a public utility primarily engaged in the business of supplying electric energy in portions of central and southern California, excluding the city of Los Angeles and certain other cities. The mailing address and telephone number of the Company are, respectively, P.O. Box 800, Rosemead, California 91770 and (213) 572-1212.

GENERAL PROBLEMS OF THE INDUSTRY

The electric utility industry in general is currently experiencing problems relating to (a) high costs for fuel, wages and materials, (b) vast capital outlays and longer construction periods for the larger and more complex new generating units needed to meet current and future service requirements of customers, (c) greater reliance on capital markets with increased costs of both equity and borrowed capital, (d) a declining supply of natural gas, (e) effects of compliance with environmental requirements, (f) effects of conservation efforts on the use of energy, and (g) difficulties in obtaining needed rate increases.

For information regarding the effect on the Company of certain of the above problems, including the decreasing availability of natural gas and difficulties in obtaining requested rate relief, see "Usury Law," "Management's Discussion and Analysis of Statements of Income," "Recent Financial Results," and "Rates," "Property," "Fuel Supply" and "Environmental Control Matters and Litigation" under "Business and Property".

USE OF PROCEEDS

The estimated net proceeds of $48,440,000 from the sale of 2,000,000 shares of Cumulative Preferred Stock, 9.20% Series ($25 par value) (the "New Stock"), will be used to reimburse the Company for monies expended for its construction program, exclusive of maintenance of service and replacements. The amounts so reimbursed will become a part of the general treasury funds of the Company.

PROSPECTUS SUMMARY

The following material is qualified in its entirety by the detailed information and financial statements appearing elsewhere in this Prospectus.

The Offering

Company	Southern California Edison Company
Type of Security	Cumulative Preferred Stock
Number of Shares to be Offered	2,000,000
Offering Price	$25 per Share
Use of Proceeds	To reimburse the Company's treasury for funds previously expended in its construction program
Proposed Listing	American and Pacific Stock Exchanges

The Company

Service Area (square miles)	50,000
Population of Service Area (December 31, 1974)	7,591,000
Customers (March 31, 1975)	2,703,228
Total Interconnected System Operating Capacity (KW) (March 31, 1975)	13,447,000
Kilowatt-Hour Sales (12 months ended March 31, 1975)	51,376,729,000
Estimated Construction Expenditures (1975-76)	$1,179,000,000

Financial Information

	Year Ended December 31		12 Months Ended March 31, 1975* (Unaudited)
	1973	1974	
	(Thousands of Dollars)		
Income Statement Data:			
Total Operating Revenues	$1,079,348	$1,483,432	$1,572,324
Fuel Expense	321,080	505,209	631,739
Operating Income	234,040	310,664	301,399
Net Income	147,731	218,298	210,292
Earnings Available for Common and Original Preferred Stock	$ 118,889	$ 182,610	$ 173,497
Weighted Average Shares of Common and Original Preferred Stock Outstanding (000)	43,965	44,580	45,503
Primary Earnings Per Share	$2.70	$4.10	$3.81
Fully Diluted Earnings Per Share	$2.60	$3.89	$3.63
Ratio of Earnings to Fixed Charges and Preferred Dividend Requirements Combined (Pre-Income Tax Basis)			
Actual	2.18	2.76	2.53
Pro-forma	—	—	2.27

	(Thousands of Dollars)		
		As Adjusted**	
	Outstanding March 31, 1975	Amount	% of Capitalization
Capitalization:			
Long-Term Debt	$2,094,076	$2,094,076	50.6
Preferred and Preference Stock	562,753	612,753	14.8
Common Equity	1,434,523	1,434,523	34.6
Total Capitalization	$4,091,352	$4,141,352	100.0
Short-Term Debt	None	None	

* For information concerning comparative results of operations in the first four months of 1974 and 1975, see "Recent Financial Results".

** Adjusted to reflect the issuance of an additional 2,000,000 shares of Cumulative Preferred Stock.

CONSTRUCTION PROGRAM

The Company conducts a continuing review of its construction program in light of uncertainties regarding the impact of conservation, general economic conditions and rising electric rates upon future kilowatt-hour sales growth. As a consequence, it has in the past reduced such program and may effect further reductions in the future.

Gross plant investments less contributions in aid of construction for the years 1972 through 1974 were approximately $277,197,000, $346,291,000 and $352,092,000, respectively. Plant retirements for the years 1972 through 1974 were $40,369,000, $29,925,000 and $29,739,000, respectively. It is presently estimated that, assuming receipt in 1976 of requested general rate relief, gross plant investments for the years 1975 and 1976 will consist of approximately the following:

	Thousands of Dollars	
	1975	1976
Thermal Electric Generating Plants	$279,000	$400,000
Electric Transmission Lines and Substations .	19,000	27,000
Electric Distribution Lines and Substations ..	109,000	107,000
Research and Development	12,000	19,000
Allowance for Funds During Construction ...	27,000	52,000
Other Expenditures	57,000	71,000
Total	$503,000	$676,000

Substantial investments are anticipated in 1977 and in later years. (For matters which affect the Company's rates and its construction program, see "Rates," "Property," "Fuel Supply" and "Environmental Control Matters and Litigation" under "Business and Property".)

For the purpose of financing such construction program and in order to refund $80,840,000 of long-term debt obligations maturing in 1976, the Company estimates that, in addition to the approximately $148,000,000 in proceeds from the sale of securities earlier in 1975 and the net proceeds from the sale of the New Stock, it will be required to obtain approximately $692,000,000 in additional money from outside sources in the balance of 1975 and 1976. The foregoing estimate does not take into account the benefits of any increase in revenues which may result from increased rates authorized by the California Public Utilities Commission (the "PUC") pursuant to the Company's pending application for a general rate increase in the amount of $339,000,000. (See "Rates" under "Business and Property".) The remaining money requirements in such years are expected to be obtained from internal sources, principally from provisions for depreciation and other reserves, and retained earnings. The nature, amounts and timing of any additional financing in connection with the construction program will depend upon conditions existing from time to time and may include the issuance of short-term obligations.

USURY LAW

California usury law prohibits the making of loans at a cost of money in excess of 10% per annum by lenders not exempted from such law. The question of the applicability of the California usury law to the issuance of the Company's debt securities would require consideration if the Company should in the future offer debt securities at a cost of money in excess of 10% per annum.

If the California usury law were determined to be applicable, the Company would expect to alter its plans for raising long-term debt capital for its continuing construction program during periods when prevailing market conditions caused the annual cost of money to exceed the 10% limit by placing increased reliance on other types and sources of external financing.

The Company does not presently contemplate the issuance of long-term debt securities during the balance of 1975, and believes that adequate sources of debt financing would be available to it, at least through 1976, through the possible issuance of short or intermediate-term obligations to national banks and California banks, which are not subject to the California usury law.

SOUTHERN CALIFORNIA EDISON COMPANY

CAPITALIZATION

The following table shows the capitalization and short-term debt of the Company as of March 31, 1975 and as adjusted to reflect the issuance of the New Stock.

	(Thousands of Dollars)		
		As Adjusted	
	Outstanding March 31, 1975	Amount	% of Capitalization
Long-Term Debt(a):			
Mortgage Bonds	$2,002,419	$2,002,419	
Convertible Debentures	75,379	75,379	
Other Long-Term Debt	16,278	16,278	
Total Long-Term Debt	2,094,076	2,094,076	50.6
Preferred and Preference Stock(a):			
Preferred Stock	487,755	537,755	
Preference Stock	74,998	74,998	
Total Preferred and Preference Stock	562,753	612,753	14.8
Common Equity(a):			
Common Stock, including additional stated capital	395,709	395,709	
Additional Paid-In Capital	350,503	350,503	
Retained Earnings	688,311	688,311	
Total Common Equity	1,434,523	1,434,523	34.6
Total Capitalization	$4,091,352	$4,141,352	100.0
Short-Term Debt(a)	None	None	

(a) Reference is made to the Balance Sheets and to Notes 3, 6 and 7 of "Notes to Financial Statements" herein for additional details concerning the Company's short and long-term debt (including maturities of long-term debt in each of the next five years) and capital stock. Reference is also made to Note A of "Notes to Statements of Income" for information concerning leases and rentals.

SOUTHERN CALIFORNIA EDISON COMPANY

STATEMENTS OF INCOME

The following statements of income of the Company should be read in conjunction with the other financial statements, related notes and "Management's Discussion and Analysis of Statements of Income" included in this Prospectus. The statements of income for the five years ended December 31, 1974 have been examined by Arthur Andersen & Co., independent public accountants, as set forth in their report included elsewhere herein. The statement for the 12 months ended March 31, 1975 has been prepared by the Company and has not been examined by Arthur Andersen & Co., and in the opinion of the Company reflects all necessary adjustments (which include only normal recurring adjustments) for a fair presentation of the results of operations for such period in conformity with generally accepted accounting principles.

(Thousands of Dollars)

	Year Ended December 31					12 Months Ended March 31, 1975 (Unaudited)
	1970	1971	1972	1973	1974	
Operating Revenues:						
Sales (Notes 1 and 3)	$714,035	$794,456	$922,309	$1,070,180	$1,471,952	$1,560,796
Other	6,626	7,978	8,907	9,168	11,480	11,528
Total operating revenues	720,661	802,434	931,216	1,079,348	1,483,432	1,572,324
Operating Expenses:						
Fuel (Note 3)	126,592	164,891	220,630	321,080	505,209	631,739
Other operation expenses (Notes A and 4)	147,885	170,335	182,139	194,038	237,409	237,052
Maintenance (Note 1)	55,327	59,992	70,586	85,184	91,905	94,629
Provision for depreciation (Notes A and 1)	86,239	94,398	104,434	109,878	116,189	118,362
Taxes on income (Note A)	38,635	38,542	46,382	48,274	135,137	100,525
Property and other taxes (Note A)	81,168	84,574	87,393	86,854	86,919	88,618
Total operating expenses	535,846	612,732	711,564	845,308	1,172,768	1,270,925
Operating Income	184,815	189,702	219,652	234,040	310,664	301,399
Other Income and Income Deductions:						
Allowance for funds used during construction (Note B)	17,007	15,859	7,152	10,190	16,163	18,299
Other—Net (Notes A and 2)	3,306	4,044	2,298	1,229	4,430	5,935
Total other income and income deductions	20,313	19,903	9,450	11,419	20,593	24,234
Total Income before Interest Charges	205,128	209,605	229,102	245,459	331,257	325,633
Interest Charges:						
Interest on long-term debt (Notes C and 6)	72,252	81,379	90,888	95,473	104,145	108,592
Other interest and amortization (Note 1)	5,381	929	864	2,255	8,814	6,749
Total interest charges	77,633	82,308	91,752	97,728	112,959	115,341
Net Income	127,495	127,297	137,350	147,731	218,298	210,292
Dividends on Cumulative Preferred and Preference Stock	16,998	21,545	25,179	28,842	35,688	36,795
Earnings Available for Common and Original Preferred Stock	$110,497	$105,752	$112,171	$ 118,889	$ 182,610	$ 173,497
Weighted Average Shares of Common and Original Preferred Stock Outstanding (000)	40,963	43,041	43,965	43,965	44,580	45,503
Earnings Per Share (Note D):						
Primary	$2.70	$2.46	$2.55	$2.70	$4.10	$3.81
Fully Diluted	$2.59	$2.37	$2.46	$2.60	$3.89	$3.63
Dividends Declared per Common Share (Note 7)	$1.50	$1.515	$1.56	$1.56	$1.68	$1.68
Ratio of Earnings to Fixed Charges and Preferred Dividend Requirements Combined (Pre-Income Tax Basis) (Note E)	2.48	2.29	2.24	2.18	2.76	2.53

The accompanying "Notes to Statements of Income" and the "Notes to Financial Statements" (Notes 1 through 7) are an integral part of these statements.

SOUTHERN CALIFORNIA EDISON COMPANY

NOTES TO STATEMENTS OF INCOME

(Data for the period ended after December 31, 1974 is unaudited)

Note A — Supplementary Income Data

Taxes —

As required by the California Public Utilities Commission ("PUC") no provisions are made for income tax reductions (net) which result from reporting certain transactions for income tax purposes in a period different from that in which they are reported in the financial statements. The most significant of these transactions is the deduction of additional depreciation in income tax returns as a result of using liberalized methods and lives. Provisions to account for the deferral of income taxes due to accelerated amortization were permitted by the PUC in certain prior years, and the accumulated amounts deferred are being amortized to income as such taxes become payable.

In addition, investment tax credits deferred in certain prior years were amortized to income in equal annual amounts pursuant to PUC authorizations. At December 31, 1974, the balance of these deferred investment tax credits had been completely amortized. The estimated amount of investment tax credit generated over the five-year period 1970 through 1974 has been applied as a reduction of income tax expense.

The Tax Reduction Act of 1975 ("Act") was signed into law on March 29, 1975. Among other things, the Act liberalized certain rules relating to the computation and utilization of the investment tax credit. Provisions of the Act permit the Company to make certain elections concerning accounting for ratemaking and financial reporting purposes. The Company has advised the PUC of its determination to elect to normalize the additional investment tax credit by ratable cost of service reductions over the book life of the properties affected.

The provision for state taxes on income is provided on taxable income of the current year; however, for federal purposes such taxes are not deductible until the following year. The provision for 1973 state taxes on income includes approximately $3,000,000 for under-provisions of prior years.

Supplementary information regarding taxes charged to operating expenses is set forth below:

(Thousands of Dollars)

	Year Ended December 31					12 Months Ended March 31,
	1970	1971	1972	1973	1974	1975
Computed "expected" federal income tax	$ 80,090	$ 78,136	$ 88,073	$ 92,398	$168,468	$148,193
Reduction in tax:						
Excess of tax over book depreciation	(22,940)	(24,831)	(27,591)	(27,495)	(27,631)	(27,168)
Allowance for funds used during construction	(8,367)	(7,612)	(3,433)	(4,891)	(7,758)	(8,784)
Removal costs expensed for tax purposes	—	—	—	(5,136)	(5,023)	(5,126)
State taxes on income	(2,581)	(2,549)	(2,463)	(3,272)	(3,614)	(5,413)
Other timing differences	(5,928)	(5,284)	(9,112)	(6,451)	(5,132)	(12,201)
Investment tax credit	(7,289)	(5,040)	(4,475)	(8,460)	(7,951)	(7,428)
Federal tax provision	32,985	32,820	40,999	36,693	111,359	82,073
State tax provision	5,245	5,562	8,031	10,980	24,241	19,102
Total provision for taxes on income	38,230	38,382	49,030	47,673	135,600	101,175
Amortization of previously deferred:						
Taxes on income	(2,147)	(2,101)	(2,101)	(2,114)	(2,129)	(2,133)
Investment tax credits	(781)	(781)	(781)	(781)	(781)	(586)
Taxes on income (credit) allocated to other income	3,333	3,042	234	3,496	2,447	2,069
Taxes on income included in operating expenses	$ 38,635	$ 38,542	$ 46,382	$ 48,274	$135,137	$100,525
Pretax income	$162,797	$162,797	$183,498	$192,509	$350,988	$308,748
Effective tax rate (Taxes on income, included in operating expenses ÷ Pretax income)	23.7%	23.7%	25.3%	25.1%	38.5%	32.6%
Property and other taxes included in operating expenses:						
Property	$ 77,461	$ 80,821	$ 82,019	$ 80,201	$ 80,448	$ 81,498
Payroll and other	3,707	3,753	5,374	6,653	6,471	7,120
	$ 81,168	$ 84,574	$ 87,393	$ 86,854	$ 86,919	$ 88,618

SOUTHERN CALIFORNIA EDISON COMPANY

NOTES TO STATEMENTS OF INCOME (Continued)
(Data for the period ended after December 31, 1974 is unaudited)

Note A — Supplementary Income Data (continued)

Leases and Rentals —

The Company rents or leases computer equipment, office space and other incidental equipment and property. The total annual gross lease expenses in 1974 and for the 12 months ended March 31, 1975 are less than 1% of operating revenues.

The present value of the minimum commitments of non-capitalized financing leases at December 31, 1974 and March 31, 1975 is less than 5% of capitalization. The majority of the Company's expenses under lease commitments is charged to other operation expense. The impact on net income, had these commitments been required to be capitalized, would not have been significant.

Other —

The amounts of taxes, depreciation and maintenance charged to other accounts and royalties paid are not significant. Advertising costs included in other operation expense are less than 1% of revenues.

Note B — Allowance For Funds Used During Construction

Allowance for funds used during construction ("ADC") is the generally accepted utility accounting procedure designed to capitalize the cost of both debt and equity funds used to finance plant additions during construction periods and to restore net income to that which would have been experienced without the construction program through a transfer of such costs from the income statement to the balance sheet as utility plant construction work in progress. Although ADC is reported under other income and income deductions it does not represent current cash earnings. Such funds are recovered from ratepayers as a cost of service through provisions for depreciation in future periods. The ADC rate authorized by the PUC was 7.5% from 1970 to 1973, and 8.0% thereafter.

For the purpose of calculating the following percentages, the sources of construction funds used are assumed to be in the same ratios as the capitalization ratios at the end of each respective period and the cost of such funds is based on the weighted average cost experienced (or estimated for periods during which no such securities were issued) in each respective period for long-term debt (net of income tax effect) and preferred stock. On this basis, the common equity portion of ADC as related to earnings available for Common and Original Preferred Stock was 9% in 1970 and 1971, 4% in 1972, 5% in 1973 and 1974 and 6% for the 12 months ended March 31, 1975.

Note C — Interest and Dividend Requirements

The annual interest requirement on the Company's outstanding long-term debt at March 31, 1975 was $127,196,000. The annual dividend requirements on the Company's outstanding preferred stock at March 31, 1975 were $806,000 on the Original Preferred Stock, $13,242,000 on the Cumulative Preferred Stock, $20,009,000 on the $100 Cumulative Preferred Stock and $3,900,000 on the Preference Stock. The annual dividend requirement on the New Stock at an assumed rate of 10% will be $5,000,000.

Note D — Earnings Per Share

Primary earnings per share are based on the weighted average shares of Common and Original Preferred Stock outstanding in each year, giving effect to the participating provisions of the Original Preferred Stock, and after providing for preferred and preference dividend requirements. Fully diluted earnings per share also give effect to the dilution which would result from the conversion of the Preference Stock, 5.20% Convertible Series and the 3⅛% Convertible Debentures.

SOUTHERN CALIFORNIA EDISON COMPANY

NOTES TO STATEMENTS OF INCOME (Continued)
(Data for the period ended after December 31, 1974 is unaudited)

Note E — Ratio of Earnings to Fixed Charges and Preferred Dividend Requirements Combined

For the purpose of this ratio, "earnings" represents income before income taxes, fixed charges and equity in earnings of unconsolidated subsidiary companies; "fixed charges" represents interest charges plus the interest factor associated with the Company's major leases together with one-third of the remaining annual rentals; and "preferred dividend requirements" represents pre-income tax amounts computed at the effective tax rate for the applicable periods on all preferred stock except the Preference Stock, which is a junior security. On an unaudited pro forma basis, giving effect to (a) the exclusion of interest expense on debt retired during the 12 months ended March 31, 1975, (b) the inclusion of the annual interest requirements on long-term debt issued during the same period, and (c) the inclusion of the dividend requirements on the New Stock at an assumed rate of 10%, the ratio of earnings to fixed charges and preferred dividend requirements combined would be 2.27 for the 12 months ended March 31, 1975. A difference of 0.10% from such assumed dividend rate will change such ratio approximately .001.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF STATEMENTS OF INCOME

The Company's rates subject to PUC jurisdiction (accounting for approximately 90% of sales during 1974) have been determined by the PUC in both general rate increase proceedings and fuel cost adjustment filings on the basis of projected revenues and expenses (including projected fuel costs) for an average year, *i.e.*, a year in which the amounts of power available to the Company from hydroelectric facilities of the Company and others are those which would be available under historical average weather conditions and the amounts of natural gas available to the Company are those which its suppliers advise should be available under historical average weather conditions. To the extent that the availability of hydroelectric power and gas is greater or lesser than projected under average-year conditions, the Company may incur fuel costs in a lesser or greater amount than projected, and net income will be affected accordingly.

Operating Revenues

Total operating revenues for 1973 and 1974 increased by $148,132,000 and $404,084,000 over the respective prior years. These increases were principally due to general rate increases and upward fuel cost adjustments in the Company's rates. (For information concerning the Company's rates, see "Rates" under "Business and Property".) However, the Company experienced a decrease in the level of energy consumption by its customers which amounted to a 5.6% reduction of total kwh sales for 1974 as compared with 1973. This situation was due to customer reaction to sharply higher costs per kwh which, for 1974, averaged 45.5% higher than for 1973, as well as voluntary and mandatory state and federal governmental restraints on energy usage. Revenues for 1973 and 1974 of $4,395,000 and $29,681,000 are attributable to increased rates for certain resale customers and are subject to refund with interest to the extent that any of the increases are subsequently determined by the Federal Power Commission (the "FPC") to be inappropriate. (See Note 3 of "Notes to Financial Statements".)

Fuel Expense

Fuel expense increased during 1973 and 1974 primarily because of decreased availability of natural gas and increased prices of environmentally acceptable low-sulphur fuel oil as an alternative fuel. (For information regarding the utilization of sources of power and the costs

of fuel, see the table set forth in "Fuel Supply" on page 18 under "Business and Property".) During the first three quarters of 1974, the Company, due to circumstances set forth under "Net Income" below, used less than anticipated amounts of higher-cost fuel oil. Similar circumstances are not expected to occur in 1975. In addition, the Company has been advised that no significant quantities of gas will be available to it in 1976 and subsequent years. The Company expects to be relying more heavily on fuel oil with resulting increases in fuel expense which presently includes costs resulting from a tariff imposed by the federal government on oil imported after January 31, 1975.

Taxes and ADC

The increase in taxes on income from 1974 over 1973 resulted from an increase in net income before taxes with no commensurate increase in tax reductions. (See Note A of "Notes to Statements of Income".)

The increase in allowance for funds used during construction ("ADC") for 1973 reflects the impact of an increase in construction activities, and the increase of ADC for 1974 reflects in part an increase in the ADC rate from 7.5% to 8.0% and in part an increase in construction activity and related costs. (See Note B of "Notes to Statements of Income".)

Net Income

The significant increase in net income for 1974 over 1973 of $70,567,000 is unusual. Substantially all of the increase was due to significantly greater than average-year availability of low-cost hydroelectric power from the Company's own facilities and to an even greater extent from the Pacific Northwest, a greater amount of natural gas available than projected and a less than projected use of higher-cost fuel oil, in conjunction with the operation of the Company's base rates and the fuel adjustment clause discussed in "Rates" under "Business and Property". This combination of favorable circumstances occurred primarily in the first three quarters of 1974. The Company believes that such favorable circumstances are not likely to occur in 1975, and, as a result, net income in 1975 is expected to be substantially less than in 1974.

RECENT FINANCIAL RESULTS

The Company's unaudited financial statements reflect the following amounts which, in the opinion of the Company, reflect all necessary adjustments (which include only normal recurring adjustments) for a fair presentation thereof in conformity with generally accepted accounting principles:

	(Thousands of Dollars) Four Months Ended April 30,	
	1974	1975
Total Operating Revenues	$436,359	$544,026
Fuel Expense	109,618	279,300
Taxes on Income (included in operating expenses)	52,783	(351)
Operating Income	101,077	80,950
Net Income	69,927	51,020
Earnings Available for Common and Original Preferred Stock	$ 59,006	$ 38,636
Average Shares of Common and Original Preferred Stock Outstanding (000)	43,965	47,965
Primary Earnings Per Share	$1.34	$ .81
Fully Diluted Earnings Per Share	$1.27	$ .78

Operating revenues for the four months ended April 30, 1975 increased by $107,667,000 over the comparable period a year earlier. This increase reflects upward fuel cost adjustments in the Company's rates in 1974 and, to a lesser extent, a 2.5% increase in the level of kwh sales.

The effective tax rate (taxes on income included in operating expenses divided by pre-tax income) amounted to (0.7)% for the four months ended April 30, 1975, as compared with 43.4% for the corresponding prior period. The reduction in taxes on income for the four months ended April 30, 1975, is due primarily to the decline in pre-tax income coupled with an increase in the various tax reduction items referred to in Note A of "Notes to Statements of Income".

Net income for the four months ended April 30, 1975 decreased from the comparable prior period by 27.0% primarily due to increases in the quantity of fuel oil burned resulting from a return to conditions more nearly approximating an average year, and increases in the price of fuel oil burned without any adjustment by the PUC in the Company's fuel cost adjustment billing factor to reflect such increases during such period. For information concerning the operation and status of the Company's fuel adjustment clause, see "Rates" under "Business and Property".

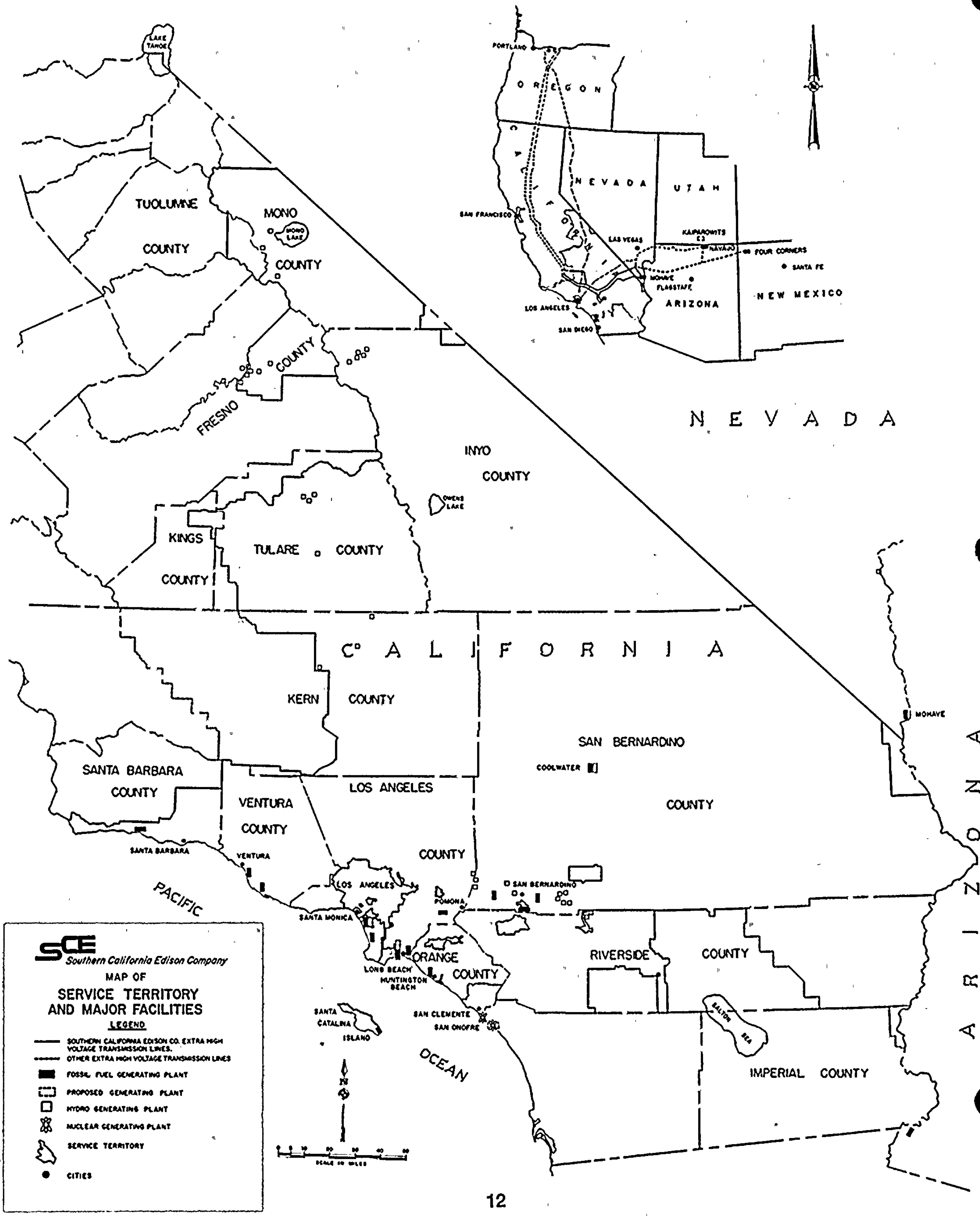
MANAGEMENT

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

Name	Position	Name	Position
Jack K. Horton	Chairman of the Board and Director*	G. E. Wilcox	Vice President
		Rollin E. Woodbury	Vice President and General Counsel
T. M. McDaniel, Jr.	President and Director*	A. L. Maxwell	Comptroller
		H. Fred Christie	Treasurer
William R. Gould	Executive Vice President and Director	C. D. Lester	Secretary
		Norman Barker, Jr.	Director*
Howard P. Allen	Executive Vice President	Edward W. Carter	Director*
		Warren Christopher	Director
Robert N. Coe	Senior Vice President	William B. Coberly, Jr.	Director*
		Terrell C. Drinkwater	Director
Sherman F. Buese	Vice President	Stanton G. Hale	Director*
Smith B. Davis	Vice President	Daniel J. Haughton	Director
J. H. Drake	Vice President	Frederick G. Larkin, Jr.	Director*
David J. Fogarty	Vice President	John V. Newman	Director*
Joe T. Head, Jr.	Vice President	Gerald H. Phipps	Director
Jack B. Moore	Vice President	Henry T. Segerstrom	Director
Edward A. Myers, Jr.	Vice President	H. Russell Smith	Director
William H. Seaman	Vice President	Richard R. Von Hagen	Director

* Member of Executive Committee.

All of the executive officers have been actively engaged in the business of the Company for more than five years.


Southern California Edison Company
MAP OF
SERVICE TERRITORY
AND MAJOR FACILITIES
LEGEND
SOUTHERN CALIFORNIA EDISON CO. EXTRA HIGH VOLTAGE TRANSMISSION LINES.
OTHER EXTRA HIGH VOLTAGE TRANSMISSION LINES
FOSSIL FUEL GENERATING PLANT
PROPOSED GENERATING PLANT
HYDRO GENERATING PLANT
NUCLEAR GENERATING PLANT
SERVICE TERRITORY
CITIES
PORTLAND
OREGON
NEVADA
UTAH
SAN FRANCISCO
LAS VEGAS
KAIPAROWITS
NAVAJO
FOUR CORNERS
SANTA FE
MOHAVE
FLAGSTAFF
ARIZONA
NEW MEXICO
LOS ANGELES
SAN DIEGO
LAKE TAHOE
TUOLUMNE COUNTY
MONO COUNTY
MONO LAKE
FRESNO COUNTY
INYO COUNTY
OWENS LAKE
NEVADA
KINGS COUNTY
TULARE COUNTY
CALIFORNIA
KERN COUNTY
SAN BERNARDINO COUNTY
COOLWATER
MOHAVE
SANTA BARBARA COUNTY
VENTURA COUNTY
LOS ANGELES COUNTY
SANTA BARBARA
VENTURA
PACIFIC
OCEAN
LOS ANGELES
SANTA MONICA
POMONA
SAN BERNARDINO
ORANGE COUNTY
LONG BEACH
HUNTINGTON BEACH
RIVERSIDE COUNTY
SANTA CATALINA ISLAND
SAN CLEMENTE
SAN ONOFRE
SALTON SEA
IMPERIAL COUNTY
ARIZONA
SCALE IN MILES

BUSINESS AND PROPERTY

SOUTHERN CALIFORNIA EDISON COMPANY

Operating Statistics

	Year Ended December 31 1970	1971	1972	1973	1974	12 Months Ended March 31, 1975	% of 12 Months Total
Energy Generated and Purchased — KWH (000):							
Generated — Net Station Output							
Hydroelectric Plants	4,565,356	4,413,852	3,558,044	5,191,426	5,514,446	4,923,371	8.9
Thermal Plants	40,908,552	42,009,707	48,107,230	48,877,354	41,354,140	43,211,290	78.2
Other Plants	87,497	132,851	104,094	116,504	115,695	87,827	0.2
Total Generated	45,561,405	46,556,410	51,769,368	54,185,284	46,984,281	48,222,488	87.3
Purchased Power	4,806,152	5,607,891	2,554,048	4,042,990	6,095,460	5,374,545	9.7
Power Interchanged (Net)	(692,800)	507,783	1,363,360	(498,153)	2,026,247	1,680,390	3.0
Total Generated, Purchased and Interchanged	49,674,757	52,672,084	55,686,776	57,730,121	55,105,988	55,277,423	100.0
Company Use	(101,052)	(131,716)	(129,889)	(123,624)	(100,348)	(102,671)	—
Losses and Unaccounted for	(3,692,629)	(3,683,875)	(3,246,981)	(3,513,563)	(3,915,659)	(3,798,023)	—
Total Energy Sold	45,881,076	48,856,493	52,309,906	54,092,934	51,089,981	51,376,729	—
Energy Sales — KWH (000):							
Residential	11,154,475	12,282,627	12,933,823	13,532,182	13,059,518	13,239,690	25.8
Agricultural	1,151,937	1,124,016	1,279,186	974,477	1,049,878	1,085,055	2.1
Commercial	10,117,880	11,005,051	12,043,940	12,523,975	11,514,671	11,705,607	22.8
Industrial	14,961,496	15,240,925	15,742,819	16,423,255	15,553,144	15,460,530	30.1
Public Authorities	4,833,181	5,211,405	5,909,942	6,098,515	5,575,587	5,601,683	10.9
Interdepartmental	685	599	797	813	927	972	—
Resale	3,661,422	3,991,870	4,399,399	4,539,717	4,336,256	4,283,192	8.3
Total Energy Sales	45,881,076	48,856,493	52,309,906	54,092,934	51,089,981	51,376,729	100.0
Operating Revenues — (000):							
Residential	$271,177	$305,033	$350,027	$ 394,827	$ 506,154	$ 534,535	34.0
Agricultural	18,871	19,547	23,306	22,132	33,788	35,434	2.3
Commercial	179,698	202,518	237,120	276,261	364,994	386,201	24.6
Industrial	148,874	159,680	183,822	229,563	354,334	375,002	23.8
Public Authorities	66,803	75,427	89,299	104,494	141,376	148,872	9.5
Interdepartmental	21	18	24	24	28	29	—
Resale	28,591	32,233	38,711	42,879	71,278	80,723	5.1
Operating Revenues — Sales	714,035	794,456	922,309	1,070,180	1,471,952	1,560,796	99.3
Other	6,626	7,978	8,907	9,168	11,480	11,528	0.7
Total Operating Revenues	$720,661	$802,434	$931,216	$1,079,348	$1,483,432	$1,572,324	100.0
Number of Customers:							
Residential	2,152,406	2,206,018	2,268,723	2,324,348	2,385,705	2,397,307	88.7
Agricultural	24,467	24,404	24,418	24,446	24,816	24,789	0.9
Commercial	205,170	208,469	212,714	215,950	219,499	219,553	8.1
Industrial	29,120	29,772	30,510	31,062	30,169	29,702	1.1
Public Authorities	27,400	28,654	29,954	30,663	31,482	31,858	1.2
Interdepartmental	2	2	2	2	2	2	—
Resale	19	23	20	21	18	17	—
Total Customers	2,438,584	2,497,342	2,566,341	2,626,492	2,691,691	2,703,228	100.0
Averages:							
Annual Use Per Residential Customer (KWH)	5,240	5,642	5,777	5,885	5,541	5,583	
Annual Revenue Per Residential Customer	$127.40	$140.11	$156.36	$171.70	$214.76	$225.39	
Revenue Per KWH:							
Residential	2.43¢	2.48¢	2.71¢	2.92¢	3.88¢	4.04¢	
Commercial	1.78¢	1.84¢	1.97¢	2.21¢	3.17¢	3.30¢	
Industrial	1.00¢	1.05¢	1.17¢	1.40¢	2.28¢	2.43¢	

Regulation

The Company is subject to regulation as a public utility by the PUC, which has the power, among other things, to establish retail rates and to regulate security issues and accounting, and by the FPC as to rates on sales for resale, as well as other matters including accounting and depreciation. The Company is also subject to various governmental licensing requirements and to certain federal, state and local laws and regulations dealing with nuclear energy, environmental protection and fuel supplies.

Rates

Operating revenues reflect general rate increases ordered into effect July 15, 1971 and October 10, 1973, which were designed to yield, on an average-year basis, rates of return on the depreciated book cost rate base of 7.9% and 8.2%, respectively, based upon the PUC's estimates of the Company's 1972 and 1973 operations subject to its jurisdiction. These rates of return authorized by the PUC have not been realized because of increased expenses and other adverse factors. The Company's rates of return for the years 1971 through 1974 reflecting total electric utility operations as recorded on its books (including operations subject to FPC jurisdiction) adjusted to average-year conditions on a consistent basis, were 6.6%, 7.0%, 7.0% and 7.4%, respectively; for the same periods, the corresponding rates of return on common equity were 9.6%, 9.6%, 9.4% and 10.6%. The Company has reflected in recent submittals to the PUC lower average-year rates of return and rates of return on common equity for the year 1974 of 6.5% and 8.4%, respectively, and for the 12-month period ended March 31, 1975 of 6.6% and 8.7%, respectively. These lower rates of return are based on a method of calculation considered by the Company to be more representative of fuel costs which would have been incurred had average-year conditions prevailed during such respective periods.

The Company, on June 7, 1974, filed an application with the PUC requesting a general rate increase which the Company estimated would produce a rate of return of 9.6% (15% on common equity) and additional annual revenues of approximately $339,000,000, based on the Company's estimated 1976 level of sales, expenses and other operations subject to regulation by the PUC and the inclusion in the Company's rate base of a portion of non-operative construction work in progress, which has not been included previously in the Company's rate base. Among the factors necessitating this request were declining customer usage, increases in the cost of capital and general inflationary pressure. Hearings are in progress and are presently scheduled to continue through September 1975.

On October 1, 1974, the PUC issued an Order Instituting Investigation to consider changes in the rate structure of electric utilities designed to encourage conservation of energy. Hearings on this matter are scheduled through mid-June 1975 and the PUC has been requested to report its findings and recommendations to the California Legislature by August 31, 1975. The Company is unable to predict whether or not changes in its rate structure will be ordered as a result of such investigation or the extent, if any, that such changes, if ordered and implemented, will affect customer usage or the Company's revenues or earnings.

In May 1972, the PUC authorized an expedited procedure, consistent with the average-year method followed in establishing the Company's base rates, for making upward and downward adjustments, no more frequently than every three months, to reflect changes in fossil fuel costs in billings for service. This procedure is set forth in a fuel adjustment clause designed to adjust billings in such a manner as to produce changes in revenues which track fossil fuel expenses projected on an average-year basis. Since the fuel adjustment clause provides for a projection of fuel costs during a 12-month period based on the average cost of fuel in inventory at the beginning of the period and the cost of fuel necessary for the remainder of the period utilizing prices in effect at the proposed commencement of the period, and because fuel expense is accounted for by the Company on a first-in, first-out basis, during a period when fuel prices are falling, the fuel adjustment clause may be implemented to produce decreases in revenues greater than decreases in fuel costs. In accounting for its fuel costs, the Company has not deferred any expense items in anticipation of future adjustments in its fuel cost adjustment billing factor.

Changes in the fuel cost adjustment billing factor must be authorized by the PUC. In the case of four of the Company's filings made in 1974, the PUC authorized fuel cost adjustment billing factor increases less than those proposed by the Company. In connection with the Company's January 3, 1975 request for an increased fuel cost adjustment billing factor which was requested to become effective on February 1, 1975, and was designed to produce additional revenues of $65,400,000 on an annual basis, the PUC asked the Company to provide specified information with respect to historical and projected operation of the fuel adjustment clause. For the first time since such clause was authorized, the PUC set the Company's request for public hearings, which were concluded on March 14, 1975. As hearings before the PUC are adversary in nature, the PUC Staff and intervenors in the proceedings make recommendations to the PUC which are frequently inconsistent with the Company's proposals, and are subject to cross examination and rebuttal testimony. The Staff of the PUC, in the hearings on the Company's January 3 request, urged the Commission in early February to reduce the Company's existing fuel cost adjustment billing factor by an amount which, if taken in context with the other elements applicable to such billing factor, would reduce the Company's revenues by $23,800,000 on an annual basis. The Company believes that the bases upon which the Staff made its recommendation are improper and it therefore opposed such recommendation in the hearings. On March 18, 1975, the PUC issued an Order Instituting Investigation of the Company's and three other California electric utilities' fuel adjustment clauses for the purpose of reviewing the operation of such clauses to determine what, if any, changes should be made in them. Hearings in such proceedings have been scheduled to commence in August and continue through October 1975. On March 31, 1975, the Company made an additional fuel cost adjustment filing proposed to become effective on May 1, 1975 on which the PUC has not acted. On June 10, 1975, the PUC deferred action on the Company's January 3 request until after conclusion of the proceedings under the March 18 Order Instituting Investigation.

On September 7, 1973 and August 4, 1974, the FPC permitted resale rate increases to become effective, subject to refund, and on May 2, 1974, the FPC permitted the Company to put into effect, subject to refund, a fuel adjustment clause. Certain resale customers have intervened to oppose these filings. On May 16, 1975, the FPC reopened its proceedings on the fuel adjustment clause. Revenues collected subject to refund amounted to approximately $49,915,000 through March 31, 1975. The Company believes that, based on present facts, the amount of revenues, if any, which may be required to be refunded would not have a significant effect on net income.

The timing and extent of rate increases (or decreases) which may be ordered in the foregoing rate proceedings and the results of proceedings which may affect the Company's rate structure, including its fuel adjustment clause, are beyond the control of the Company and cannot be predicted. Deferrals or denials of the Company's requests for fuel cost adjustment billing factor increases while fuel costs are increasing, or any reductions in the present billing factor without a corresponding reduction in fuel costs, could have a material adverse effect upon the Company's net income, the extent of which cannot presently be determined.

Property

The Company owns and operates 36 hydroelectric plants, 12 fossil-fueled steam electric generating plants, two combustion turbine plants and one diesel electric generating plant, and operates the 80% owned San Onofre Nuclear Generating Station, all located in central and southern California. In addition, the Company owns a small fossil-fueled steam electric generating unit in Arizona and a 48% interest (768 MW) in Units 4 and 5 of a coal-fired steam electric generating plant in New Mexico (the "Four Corners Project"), each of which is operated by another utility. It also operates a coal-fired steam electric generating plant in Clark County, Nevada (the "Mohave Project"), in which it owns a 56% undivided interest (885 MW), and certain generating units owned by others in California and Arizona.

Unit 1 at San Onofre (of which the Company's 80% share of capacity is 344 MW and in which its share of total investment was approximately $71,000,000 at March 31, 1975) is now

being operated under a provisional operating license from the Nuclear Regulatory Commission (the "NRC"), successor agency to the Atomic Energy Commission (the "AEC"), and the Company has applied for a full-term operating license for this unit. It is possible that modifications of this unit may be required in light of new and revised technical data and design criteria applicable to Units 2 and 3 and other nuclear generating facilities, the cost or practicability of which is not presently known.

As of March 31, 1975, the total interconnected system operating capacity, under favorable operating conditions, available to the Company from its plants and other sources under contract was approximately 13,447 MW, including 1,256 MW from such other sources. The approximate peak instantaneous demand experienced on the Company's interconnected system to March 31, 1975 was 10,253 MW on June 21, 1973, at which time the approximate effective operating capacity of generating resources available to the Company for its interconnected system was 11,019 MW, including 1,230 MW of firm capacity from other contract sources.

The Company currently has nearly 5,200 MW of new generating capacity scheduled for completion by 1983. The major generating facilities under construction for which substantial expenditures have been made are as follows:

Station Name	Unit No.	Location (California)	Type①	Net Capability (MW)	Planned Operating Date	Estimated Total Cost② (000)	Recorded Costs as of March 31, 1975 (000)
Long Beach	8R&9	Long Beach	CC	572	1976	$ 107,000	$ 54,372
Coolwater	3	Daggett	CC	236	1977	131,000	42,354
Coolwater	4	Daggett	CC	236	1978		
San Onofre③	2	San Clemente	N	880	1981	1,660,000	142,169
San Onofre③	3	San Clemente	N	880	1982		

① CC — Combined Cycle (fueled by gas and/or distillate fuels); N — Nuclear.

② Cost estimates do not include related transmission facilities.

③ Joint project with another utility; net capability and cost figures represent Company share. Dates indicated are for planned initial full power operation.

In addition, during the period between 1978 and 1983 completion is presently expected of two combined cycle units with a total net capacity of 452 MW, the coal-fired steam electric Kaiparowits Generating Station in which the Company's proposed entitlement is about 1,200 MW and additional smaller projects. The Company's expenditures to date for these projects have not been substantial, but the Company anticipates its share of the cost of these projects may ultimately exceed $1 billion.

The Company and another utility are currently constructing Units 2 and 3 at the site of the existing San Onofre Nuclear Generating Station pursuant to a permit granted by the California Coastal Zone Conservation Commission in February 1974 which is the subject of continuing court appeals, and pursuant to an initial decision issued by the NRC in 1974 which is the subject of continuing administrative review. The Atomic Safety and Licensing Appeal Board ("ASLAB") on December 24, 1974 affirmed the initial decision, with modifications, but retained jurisdiction over issues concerning the exclusion area as defined by federal regulations immediately surrounding the plant site. On April 25, 1975 ASLAB ruled that the Company did not, under the terms of the easement on which the Station is located, have authority to control all activities within the exclusion area sufficient to satisfy NRC reactor site criteria. The ruling gave the Company a "reasonable time" to submit to the NRC regulatory staff an alternative proposal with respect to an exclusion area. Thereafter, ASLAB will determine what further proceedings may be required. ASLAB reserved for future determination whether recreational activities now contemplated for portions of the exclusion area would be permissible under appropriate limitations. The construction permits for the project remain in effect and construction is continuing.

On May 5, 1975 a nuclear moratorium initiative measure qualified to be placed upon the ballot of the next California statewide general election (June 1976). If adopted by the voters and if determined to be valid by the courts, the measure would impose specified limitations upon operating nuclear powerplants and would prohibit construction of new nuclear powerplants unless (1) the federally imposed limitation on liability arising out of a nuclear incident is removed within one year after adoption of the initative and (2) the effectiveness of certain safety related powerplant systems is demonstrated in a manner outlined in the measure within five years after such adoption.

On June 1, 1973 the Company entered into a participation agreement with certain other utilities to construct the Kaiparowits Generating Station, to be located in southern Utah north of Glen Canyon Dam. The necessary environmental and other approvals for a site and the generating station are currently being sought from the U.S. Department of the Interior and the State of Utah.

The San Onofre Nuclear Generating Station, the Four Corners Project, certain of the Company's substations and certain portions of its transmission, distribution and communication systems are located on lands of the United States or others under (with minor exceptions) licenses, permits, easements or leases or on public streets or highways pursuant to franchises. Certain of such documents obligate the Company, under specified circumstances, at its expense to relocate transmission, distribution and communication facilities located on lands owned or controlled by federal, state or local governments. With certain exceptions, the major and certain minor hydroelectric plants, with related reservoirs, having an effective operating capacity of 836 MW and located in whole or in part on lands of the United States are owned and operated under Government licenses which expire at various times between 1975 and 2009 and which contain numerous restrictions and obligations on the part of the Company, including the right of the United States to acquire the project under certain conditions upon the payment of specified compensation. If any project is not taken over by the United States at the expiration of the license, the FPC is authorized to issue a new license to the original licensee or (upon payment of the same compensation as the United States would be required to pay) to a new licensee. Any new licenses issued to the Company are expected to be issued upon terms and conditions less favorable than those of the expired licenses. Applications of the Company for the relicensing of certain of the hydroelectric plants referred to above with an aggregate effective operating capacity of 316 MW are pending, and until such proceedings are completed, the Company has been issued annual license renewals for such projects.

The Company's rights in the Four Corners Project located on land of the Navajo Indian Tribe under an easement from the United States and a lease from the Tribe may, in the opinion of counsel for the Company, be subject to possible defects including possible conflicting grants or encumbrances not ascertainable because of the absence of or inadequacies in the applicable recording law and the record system of the Bureau of Indian Affairs and the Navajo Tribe, the possible inability of the Company to resort to legal process to enforce its rights against the Tribe without Congressional consent and, in the case of the lease, possible impairment or termination under certain circumstances by Congress or the Secretary of the Interior. The Company believes, however, that there is no practical risk that any such defects will materially interfere with the Company's interest in the Project.

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 $1,922,530,000. The properties acquired by the Company pursuant to the merger in 1963 of California Electric Power Company, together with all substitutions, replacements, additions, alterations, improvements and enlargements to, of, or upon such properties are, with

certain exceptions, also subject to the prior lien of another trust indenture securing $87,340,000 principal amount of First Mortgage Bonds originally issued by that company and now outstanding. In addition, the Company's customer accounts receivable are pledged under the financing agreement described in Note 6 of "Notes to Financial Statements".

Fuel Supply

Of the existing Company-owned generating capacity, approximately 77% is dependent on gas and oil fuels, 13% on coal and 3% on nuclear fuel. The remaining 7% is hydroelectric. Of the approximately 5,200 MW of additional Company-owned generating capacity currently projected for commercial operation at various dates through 1983, 44% is designed to use gas and oil, 20% coal, 35% nuclear fuel and the remaining 1% will be hydroelectric.

Information regarding the utilization of sources of power and the cost of fuels in the past five years and in the 12 months ended March 31, 1975 is set forth in the following table:

	Percentage of Generation by Source						Average Cost per Million BTU's*					
	1970	1971	1972	1973	1974	12 Months Ended March 31, 1975	1970	1971	1972	1973	1974	12 Months Ended March 31, 1975
Oil	15%	23%	27%	45%	38%	43%	40¢	61¢	78¢	97¢	199¢	231¢
Natural Gas**	57	41	39	21	17	15	32	34	37	39	58	62
Coal	6	10	16	15	15	15	15	18	21	23	27	28
Nuclear	5	5	4	3	5	5	18	19	19	17	11	11
All Fuels	83	79	86	84	75	78	31	39	46	66	119	144
Hydroelectric	9	9	7	9	10	9	—	—	—	—	—	—
Purchased and Interchanged Power	8	12	7	7	15	13	—	—	—	—	—	—
	100%	100%	100%	100%	100%	100%						

* The Company's average fuel costs expressed in cents per kilowatt-hour for the 12 months ended March 31, 1975 were 2.306 for oil; 0.620 for natural gas; 0.264 for coal; and 0.120 for nuclear. There are no fuel costs associated with the Company's hydroelectric generation. For the 12 months ended March 31, 1975 the net cost of purchased and interchanged power (primarily hydroelectric) was 0.580 cents per kilowatt-hour.

**The Company has been advised that significant quantities of natural gas will not be available to it in 1976 and subsequent years.

Air pollution control laws and regulations applicable to the Company's major gas and oil-fueled steam electric generating units and the decreased availability of natural gas supplies have required the Company to rely to an increasing extent on low-sulphur foreign oil. The significant increase in the demand for low-sulphur fuels has resulted in marked increases in their cost.

The Company currently obtains low-sulphur fuel oil under contracts from certain suppliers, one of which supplied approximately one-half of the Company's fuel oil requirements in 1974. The prices under such contracts are subject to various adjustments based on, among other factors, specified foreign prices for crude oil, royalties, taxes and transportation charges. Such contracts terminate at various dates through 1977, unless extended by the parties.

The Company is presently negotiating a definitive contract with its principal supplier which would obligate the Company to purchase fuel oil, presently contemplated to be primarily of Middle Eastern origin, in an amount estimated to average 56% of its anticipated fuel oil requirements over a ten-year period commencing January 1, 1976. The Company anticipates that prices under such contract will be based on Saudi Arabian oil prices, with various adjustments for other factors similar to those under its existing contracts. Although the Company expects

that final agreement with the supplier will be reached by the fall of 1975, execution of a definitive contract is subject to the resolution of certain outstanding issues.

At March 31, 1975 the Company had in inventory or otherwise available for its use sufficient low-sulphur fuel oil to supply the Company's gas and oil-burning facilities for at least 90 days, assuming the utilization as projected of the Company's coal-burning, nuclear and hydro-electric facilities and purchased and interchanged power. Making similar assumptions, the Company's existing contractual commitments for low-sulphur fuel oil, combined with fuel oil in inventory, are considered sufficient to enable it to meet its projected system load requirements through 1975. The Company expects to negotiate additional low-sulphur fuel oil contracts which, together with anticipated spot purchases and existing contracts, will provide for its 1976 projected system load requirements. The Company is subject to the fuel oil allocation system administered by the Federal Energy Administration (the "FEA") which to date has not adversely affected the Company's ability to meet its system load requirements. In the event the Company's fuel-oil contracts do not provide a sufficient amount of fuel oil to supply its future system load requirements, sufficient quantities of fuel oil may be obtainable under the Mandatory Petroleum Allocation Program as administered by the FEA (assuming the extension of this program beyond its August 31, 1975 expiration date), subject to sufficient supplies being available to the Company's suppliers and agreement between the Company and its suppliers as to price. If the Company is not successful in meeting its fuel oil requirements with low-sulphur fuel oil supplies, the Company may still be able to acquire higher-sulphur fuel oil supplies in future years. However, the Company's ability to burn such higher-sulphur fuel oils in such years would be dependent upon the obtaining of variances under air pollution control regulations.

The nuclear fuel cycle for the Company's operating and proposed nuclear generating facilities is comprised of the following elements: (1) the mining and milling of uranium ore to produce uranium concentrates, (2) the conversion of uranium concentrates to uranium hexafluoride, (3) the enrichment of the uranium hexafluoride, (4) the fabrication of fuel assemblies, and (5) the reprocessing and, if necessary, storage of spent fuel.

The Company has contracts for portions of the nuclear fuel cycle for the San Onofre Nuclear Generating Units through the years indicated below:

	Unit 1	Units 2 and 3
Mining and milling to produce concentrates	1978	(1)
Conversion	1980	1980
Enrichment	1988	2008
Fabrication	1990	(2)
Reprocessing	(3)	(3)

(1) The Company has contracted for one-fifth of the initial core loading for Unit 2.

(2) A letter of intent has been executed for initial cores.

(3) The Company presently is storing spent fuel from Unit 1 on the plant site and elsewhere. It has no contractual commitments for the reprocessing of spent fuel from Units 1, 2 and 3. The costs and availability of reprocessing services are presently uncertain.

Under present contractual commitments for the nuclear fuel cycle, San Onofre Unit 1 can be operated through 1980. The Company does not presently have sufficient uranium ore under contract to allow manufacture of the initial cores for Units 2 and 3. However, the Company is actively seeking favorable price arrangements for additional supplies of uranium and presently anticipates the procurement of necessary uranium concentrates by the third quarter of 1977. Sufficient contractual commitments are presently in effect for the conversion and enrichment of nuclear fuel so as to enable the Company to "start up" these Units in 1981 and 1982, respectively, once sufficient uranium concentrates are procured and definitive contracts for fabrication of nuclear fuel are executed.

The availability and price of the various components of the nuclear fuel cycle for Units 1, 2 and 3, to the extent not now under contract, cannot accurately be predicted at this time.

The coal supplies for the operation of the Mohave and Four Corners Projects are obtained pursuant to purchase contracts which extend over the expected useful lives of those projects and provide for the purchase of low-sulphur coal to support anticipated levels of operation during such periods. (For litigation regarding the coal supply for Mohave, see the last paragraph under "Environmental Control Matters and Litigation.") Emission standards of the federal Environmental Protection Agency (the "EPA") relative to the operation of these plants and certain state and local standards would require, assuming average utilization of such plants and the absence of emission control equipment, the use of coal with a sulphur content averaging less than 0.1% as fuel for such plants. The coal supplies available for such plants have a relatively low-sulphur content averaging approximately 0.5% and 0.7%, respectively. (For information concerning emission control equipment for the Mohave and Four Corners Projects, see the sixth and seventh paragraphs under "Environmental Control Matters and Litigation".)

Independent exploration and feasibility tests on Utah coal leases in the vicinity of the proposed Kaiparowits Generating Station indicate the existence of sufficient quantities of low-sulphur coal (approximately 0.5% sulphur) to provide an adequate supply for the anticipated useful life of that plant; however, a determination of the degree to which such coal may be recoverable in commercial quantities is subject to additional mining engineering and considerations as to plant siting and transportation. Preliminary analysis has revealed substantial additional coal deposits which may be available for use in that plant; studies are presently being conducted to determine the commercial availability and quality of such deposits.

Environmental Control Matters and Litigation

Legislative and regulatory activities in the areas of air pollution, water pollution, noise control, land use, aesthetics and radioactive material releases have resulted and may continue to result in the imposition of numerous and extensive restrictions on the operation by the Company of its existing facilities and on the timing, cost, location, design, construction and operation by the Company of new facilities required to meet its future load requirements. These activities substantially affect future planning and are requiring and will continue to require modifications of the Company's existing facilities and operating procedures, and will increase the risk of the forced abandonment of construction projects with a resultant loss of design, engineering and construction costs and the payment of cancellation charges which in the aggregate could be substantial.

The Company's capital expenditures for the categories of environmental protection for the years 1972 through 1974 and its estimated capital expenditures for such purposes for 1975 and 1976 are set forth below:

(Thousands of Dollars)

Year	Total	Plant Siting	Air Quality	Water Quality	Aesthetics	Noise Control	Waste Management	Radiation
1972(1)	$ 62,000	$ —	$ —	$ —	$ —	$ —	$ —	$ —
1973(1)	53,000	—	—	—	—	—	—	—
1974	74,893	5,224	9,434	6,208	53,039	988	-0-	-0-
1975	86,701	18,551	22,397	4,745	38,147	70	871	1,920
1976	130,591	13,851	69,349	9,675	34,236	100	740	2,640

(1) The Company does not have definitive information available for the categories left blank.

Substantial continuing capital expenditures for environmental protection projects are anticipated for the foreseeable future and such projects, once completed, will involve substantial operation and maintenance costs.

The Company believes that costs incurred for these environmental purposes will be recognized by the PUC and FPC as reasonable and necessary costs of service for rate purposes.

The Company is advised that California is considering regulations which, taken in conjunction with existing federal water quality standards for thermal pollution and California Coastal Zone Conservation Commission land use restrictions, could result in precluding the Company from using either fresh or salt water for cooling its future steam electric generating units. While the Company is hopeful of a satisfactory resolution of these conflicting considerations, its ability to plan new generating plants in California is impaired.

On July 16, 1973, a petition was filed with the AEC challenging the adequacy of the performance of the emergency core cooling systems of 20 nuclear plants, including San Onofre Unit 1. On August 29, 1973, the AEC denied the relief sought in the petition, and its order was appealed to the U.S. Court of Appeals for the District of Columbia Circuit which appeal was dismissed by the Court on May 30, 1975.

EPA rules and regulations applicable to the Four Corners Project require the installation of equipment capable of removing 70% of the sulphur-dioxide emissions of the project by July 31, 1977. On January 7, 1975, the New Mexico Environmental Improvement Agency amended its existing regulations to require the installation of equipment capable of removing 85% and 90% of the Four Corners Project sulphur-dioxide emissions by July 31, 1977 and July 31, 1979, respectively. The Company is currently operating the Mohave Project under a variance from certain air pollution emission rules of the Clark County District Board of Health. Under the terms of the variance and a related EPA enforcement order the Company is required to install the necessary equipment to comply with such air pollution emission rules by June 30, 1977. On May 20, 1975, the State of Nevada enacted legislation which placed a moratorium until July 1, 1977 on the enforcement by state or local agencies of compliance schedules and variance orders and on other enforcement actions relating to air pollution emission rules and directed the Nevada Environmental Commission to hold public hearings prior to July 1, 1976 for the purpose of reviewing air contaminant emission standards applicable to fossil fuel steam generating facilities. The Mohave Project is still subject to the related EPA enforcement order and the Company has requested that such order be dissolved or amended in a manner consistent with the current Nevada legislation.

The Company presently estimates that the costs of developing and installing pollution control equipment which may be required at the Four Corners Project and the Mohave Project will be in excess of $118,000,000. The Company's investment in its share of the two projects at March 31, 1975 was approximately $229,000,000. If appropriate air pollution control devices cannot be developed and installed in a timely manner at the Four Corners Project and the Mohave Project, continued operation of the projects will depend upon the obtaining of variances.

The Company has intervened in an action in the U.S. District Court for the District of Arizona brought by certain Hopi Indians against the Secretary of the Interior and the supplier of the coal used at the Mohave Project and at another generation project in which the Company

is not a participant but from which the Company has contracted to purchase a portion (aggregating 327 MW by 1976 and ending 1980 or thereafter) of the entitlement of the United States. The plaintiffs allege that the coal mining lease under which the greater part of the coal for such projects is obtained is invalid. The action was dismissed by the District Court and the Court's order of dismissal is now on appeal to the Court of Appeals for the Ninth Circuit. In the opinion of counsel for the Company, the defenses raised by the pleadings on behalf of the defendants and the petitioners for intervention should be sustained.

Government Competition and Litigation

Under various acts of Congress, federal power projects have been constructed in California and neighboring states. Power available from these projects is sold by the United States, with preference generally being given to municipalities, public bodies and cooperatives. Any energy which is or may be generated at these projects and transmitted over present or future government or utility owned lines into the territory served by the Company constitutes a source of competition.

The Company is a defendant in an action in the U.S. District Court for the District of Columbia brought by the Arizona Power Pooling Association (an organization of Arizona public agencies and a cooperative). The action, which was transferred to the U.S. District Court for the District of Arizona, seeks declaratory relief and an injunction against the performance of power contracts by the Secretary of the Interior, including the contract with the Company referred to in the last paragraph under "Environmental Control Matters and Litigation." A judgment on the merits granted in favor of all defendants on October 23, 1973 has been appealed to the Court of Appeals for the Ninth Circuit. In the opinion of counsel for the Company, the validity of the Company's contract should be sustained by the court. On February 15, 1974, an action was brought by certain municipal resale customers of the Company against the Secretary of the Interior in the United States District Court for the District of Columbia raising substantially similar issues and affecting the same power contract. This matter has been transferred to the U.S. District Court for the District of Arizona. The Company expects this action will be stayed until a decision has been rendered on the appeal in the Arizona Power Pooling Association action referred to above.

Under the laws of California, utility districts may be formed and may include incorporated as well as unincorporated territory. Such districts, as well as municipalities, have the right to construct, purchase or condemn and operate electric facilities. Another effect of municipal competition is felt by the Company when a city owning an electric system annexes adjacent unincorporated territory which the Company has theretofore served.

The Company's construction permits for San Onofre Units 2 and 3 contain certain conditions, the terms of which would require the Company (i) to permit publicly or privately-owned utilities, including the Company's resale customers, within or adjacent to the Company's service area, on timely notice, to participate in future nuclear units initiated by the Company and (ii) to interconnect and coordinate reserves with and furnish emergency service to, to sell and purchase bulk power to and from, and to provide transmission service for such utilities, provided all such transactions are functionally, technically and economically feasible from the standpoint of all participants. In addition, the Company has entered into agreements with certain of its resale customers which contemplate their possible participation in jointly-owned generating projects initiated by the Company, and the integration of power sources acquired by each such customer, including the dispatching, reserve sharing, partial requirements and transmission services required in conjunction with such integrated operations. The agreements also include, as to three municipal resale customers, an option to participate in the Company's entitlement in San Onofre Units 2 and 3 if such customers commit to participate by November 1,

1977. The Company is unable to predict what effect, if any, the above conditions or agreements will have upon its business and operations.

Fair Employment Practices Matters

A complaint was filed in 1971 by various civil rights groups with the California Fair Employment Practice Commission (the "FEPC") alleging that the Company was discriminating in its hiring and promotion practices in regard to women and certain minorities. The Company submitted a revised affirmative action program which involved revised goals for minority employees and new goals for female employees. The FEPC conditionally accepted the Company's revised program and goals, subject to subsequent demonstrated performance, and suspended the complaint in July 1972.

In connection with a charge filed with the Federal Equal Employment Opportunity Commission (the "EEOC") on January 31, 1972 against the Company and two labor unions, the EEOC, on September 6, 1973 and on March 22, 1974, determined that there is reasonable cause to believe that, with respect to certain of the allegations, the Company and the unions have engaged in employment practices, with regard to women and certain minorities, which are in violation of Title VII of the Civil Rights Act of 1964. The EEOC, the Company, the two unions and the representatives of the plaintiffs mentioned below are currently meeting in conciliation in an attempt to resolve the alleged discriminatory practices. While denying that it has engaged in any unlawful practices, the Company will endeavor to resolve the issues raised by the determination in these proceedings.

On January 15, 1974, a class action suit was filed against the Company and the two labor unions in the U.S. District Court for the Central District of California. This suit alleges that the defendants have engaged and are continuing to engage in unlawful employment practices, with respect to Blacks and Mexican-Americans, which are in violation of certain civil rights acts and encompasses a number of the issues raised by the EEOC determination mentioned above. If the plaintiffs in such action should prevail against the Company, the court, in addition to awarding monetary damages and back pay to class members (plaintiffs' claim is in excess of $20,000,000), could enjoin any employment practices it determines are unlawful and order that the Company undertake further affirmative action with respect to future hiring and promotional practices, as well as such other equitable relief as the court deems appropriate. Settlements, consent decrees and decisions arising out of charges filed against other employers under such civil rights acts have resulted in the imposition of uneconomical hiring, promotional and other employment practices and requirements, as well as substantial monetary awards or settlements.

In the opinion of Company counsel, although there are no controlling judicial precedents concerning a number of issues presented by the charge and the case, the Company has numerous defenses which should be sustained by a court and which, among other things, have the effect of limiting, eliminating or mitigating claims for damages. The Company believes, based on its investigations to date, that the amount of any recovery of monetary damages, including back pay, should not have a material effect on the financial statements of the Company.

In addition to the above class action, class actions could be instituted by the EEOC if the matter is not resolved in conciliation, and by others raising issues other than those included in the class action now pending. Also, other proceedings alleging discrimination could be instituted against the Company by other federal agencies for the termination of contracts for the processing of nuclear fuel, the sale or purchase of power or purchase of water, and of easements, rights of way and permits over federal lands on which numerous Company transmission and distribution facilities are located or are planned to be located in the future.

SUMMARY DESCRIPTION OF THE NEW STOCK

The following is a brief description of the New Stock and should be read in conjunction with the information under "Description of Capital Stock" below.

The New Stock will be a new series of Cumulative Preferred Stock and as such will be entitled to the rights, preferences and privileges and subject to the restrictions associated with that class.

Dividend Rights. Subject to the prior rights of the Original Preferred Stock and on a parity with the dividend rights of each other series of Cumulative Preferred Stock and of the $100 Cumulative Preferred Stock, dividends on the New Stock at the annual rate equal to the percent of the par value thereof shown in the title of such stock appearing on the cover page of this Prospectus will, as declared, be payable quarterly on the last day of each March, June, September, and December and will be cumulative from the date of issue. The initial dividend will be payable September 30, 1975, for a period (more than a quarter) commencing with the date of issue.

Voting Rights. Each share of the New Stock will be entitled to three votes and such votes may be cumulated in electing directors. The New Stock, in addition, will have certain other voting rights which are set forth in "Voting Rights" under "Description of Capital Stock".

Liquidation Rights. The New Stock, subject to the prior rights of the class or classes senior thereto and on a parity with the other series of Cumulative Preferred Stock and of the $100 Cumulative Preferred Stock (treated as one class for this purpose), will be entitled to be paid, in the order of its preference, before any payment is made to the class or classes junior thereto, upon involuntary liquidation, its par value per share, together with unpaid accrued dividends, and upon voluntary liquidation, the liquidation preference fixed by the Board of Directors, which will be an amount corresponding to the then current redemption price, including unpaid accrued dividends.

Redemption Provisions. Subject to the limitations referred to in "Redemption Provisions" under "Description of Capital Stock", the New Stock will be redeemable, at the option of the Company, at the prices and dates shown on the cover page of this Prospectus, plus in each case unpaid accrued dividends; provided no shares of the New Stock shall be redeemed prior to the date shown on the cover page through the use (for the purpose or in anticipation of refunding any such shares) of proceeds of the sale of long-term indebtedness or of any class of preferred stock ranking senior to or on a parity with the New Stock at an effective cost of money to the Company (computed in accordance with generally accepted financial practice) less than that of the New Stock.

Other Provisions. The New Stock will not have any preemptive or conversion rights and will be fully paid and nonassessable. Transfers of New Stock will be effected by Bankers Trust Company, New York, New York, Transfer Agent, and the Company, Rosemead, California. The Registrars for the New Stock will be Manufacturers Hanover Trust Company, New York, New York, and Security Pacific National Bank, Los Angeles, California.

DESCRIPTION OF CAPITAL STOCK

General

The following information is, except as otherwise indicated, a brief summary of pertinent provisions of the Articles of Incorporation of the Company, as amended, and the Certificates of Determination of Preferences relating to outstanding series of preferred stock and parenthetical references hereinafter made are to sections of such Articles.

The authorized capital stock of the Company consists of the following classes, listed in order of preferential rank:

(1) Original Preferred Stock ($8⅓ par value);

(2) Cumulative Preferred Stock ($25 par value), which includes the New Stock, and $100 Cumulative Preferred Stock ($100 par value);

(3) Preference Stock ($25 par value) and $100 Preference Stock ($100 par value); and

(4) Common Stock ($8⅓ par value).

There is no $100 Preference Stock outstanding at the present time.

All classes other than the Original Preferred Stock and the Common Stock may be authorized by the Board of Directors to be issued from time to time in series, and the Board is authorized, as to any wholly unissued series, to fix the number of shares thereof and the dividend rights, dividend rate, conversion rights, voting rights (in addition to the voting rights provided in the Articles), rights and terms of redemption (including sinking fund provisions), redemption price or prices, and/or voluntary liquidation preferences thereof.

Dividend Rights

The Indenture securing the Company's First and Refunding Mortgage 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 present earned surplus is restricted by this provision.

The Original Preferred Stock is entitled to cumulative quarterly dividends, as declared, at the rate of 5% (of the par value thereof) per annum in preference to all other classes of stock, and is entitled to participate in any distribution to the Cumulative Preferred Stock, the $100 Cumulative Preferred Stock, the Preference Stock or the $100 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, $100 Cumulative Preferred Stock, Preference Stock or $100 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. (Article Sixth, Section 2(a).)

Subject to the prior rights of the Original Preferred Stock, each series of Cumulative Preferred Stock and $100 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. (Article Sixth, Section 3(a).)

Subject to the prior rights of the classes senior thereto, each series of Preference Stock and $100 Preference Stock, in preference to the Common Stock, is entitled to receive, as declared, cumulative quarterly cash dividends at the rate fixed for the series and no more. (Article Sixth, Section 4(a).)

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. (Article Sixth, Section 5(a).)

Voting Rights

Each share of the Original Preferred Stock, the $100 Cumulative Preferred Stock, the Preference Stock, the $100 Preference Stock and the Common Stock is entitled to one vote. Each share of the Cumulative Preferred Stock is entitled to three votes. (Article Sixth, Sections 2(c), 3(c), 4(c), 5(c).) Votes may be cumulated in electing directors.

* The "highest annual dividend rate" will be payable with respect to the New Stock (9.20%).

The preferred capital stock may be increased or diminished by a vote of at least two-thirds of the entire subscribed or issued capital stock. (Article Seventh.)

The Cumulative Preferred Stock and the $100 Cumulative Preferred Stock have the following special voting rights, and the description thereof applies to each such class of stock. For convenience and to avoid repetition, the term "Cumulative Preferred Stock" in this paragraph shall mean and refer to each of such classes of stock the special voting rights of which are being described. 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; and (8) to rearrange the priority of outstanding shares of Cumulative Preferred Stock so as to make them subject to the preferences of other than outstanding shares (except that if such amendment changes in any of the foregoing respects less than all series of Cumulative Preferred Stock, a two-thirds vote of each 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 and 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, but not less than a majority, shall be necessary). (Article Sixth, Section 3(c)(1) and (3).) The California Corporations Code also presently 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 and a majority vote of the outstanding $100 Cumulative Preferred Stock is necessary for: (a) an increase in the authorized amount of either the Cumulative Preferred Stock or the $100 Cumulative Preferred Stock or the authorization or creation, or an increase in the authorized amount, of any new class of stock ranking on a parity therewith or of any security convertible into Cumulative Preferred Stock or $100 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 $100 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 1½ times the sum of 3 years' interest requirements on the funded indebtedness and other borrowings 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 $100 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. (Article Sixth, Section 3(c)(2) and (4).)

Under the California Corporations Code, the authorized number of shares of Common Stock may be increased by resolution of the Board of Directors and the vote or written consent of shareholders holding at least a majority of the voting power of the Company.

Liquidation Rights

With respect to the Cumulative Preferred Stock, the $100 Cumulative Preferred Stock, the Preference Stock and the $100 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. (Article Sixth, Sections 3(e), 4(e).)

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, the $100 Cumulative Preferred Stock, the Preference Stock and the $100 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 the Common Stock. (Article Sixth, Section 2(b).)

Subject to the prior rights of the class or classes senior thereto, the Cumulative Preferred Stock and the $100 Cumulative Preferred Stock (treated as one class for this purpose) and the Preference Stock and the $100 Preference Stock (likewise treated as one class for this purpose) are entitled to be paid, in the order of their preferences, before any payment is made to the class or classes junior thereto, upon involuntary liquidation their respective par values per share, together, in each case, with unpaid accrued dividends, and upon voluntary liquidation, the liquidation preference fixed by the Board of Directors for each series, such preference, in the case of the series now outstanding and in the case of the New Stock, being an amount corresponding to their respective then current redemption prices, including unpaid accrued dividends. If said sums are not paid in full as to any class, each series of 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. (Article Sixth, Sections 3(b), 4(b).)

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. (Article Sixth, Section 5(b).)

Redemption Provisions

The Original Preferred Stock is not redeemable. Shares of Cumulative Preferred Stock, $100 Cumulative Preferred Stock, Preference Stock and $100 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. However, whenever dividends on the Cumulative Preferred Stock or $100 Cumulative Preferred Stock are in default, the Company may not purchase or redeem any Preference Stock or $100 Preference Stock, or purchase any Common Stock, or purchase or redeem less than all of the Cumulative Preferred Stock and the $100 Cumulative Preferred Stock at the time outstanding, or purchase or otherwise acquire for value any Cumulative Preferred Stock or $100 Cumulative Preferred Stock except in accordance with offers made to all holders of each class of such stock, which offers bear a reasonable proportional relationship to the par values and market prices per share of the respective classes. Similarly, whenever dividends on Preference Stock or $100 Preference Stock are in default, the Company may not redeem less than all of the Preference Stock and the $100 Preference Stock at the time outstanding, or purchase any Common Stock, or purchase or acquire for value any Preference Stock or $100 Preference Stock except in accordance with offers made to all holders of each class of such stock, which offers bear a reasonably proportional relationship to the par values and market prices per share of the respective classes. Any shares of Cumulative Preferred Stock, or $100 Cumulative Preferred Stock, or Preference Stock, or $100 Preference Stock which are converted, redeemed or retired will thereafter have the status of authorized but unissued shares of such class and may thereafter be reissued by the Board of Directors. (Article Sixth, Sections 3(a), 3(d), 3(e), 4(a), 4(d), 4(e).)

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

Series Designation	Price	Redemption Period
Cumulative Preferred Stock ($25 par value)		
4.08% Series	$ 25.50	At any time
4.24% Series	$ 25.80	At any time
4.32% Series	$ 28.75	At any time
4.78% Series	$ 25.80	At any time
5.80% Series	$ 27.00	Prior to December 1, 1976 and at reduced prices thereafter
8.85% Series	$ 27.20	Prior to May 1, 1979 and at reduced prices thereafter
$100 Cumulative Preferred Stock ($100 par value)		
7.325% Series	$115.00	Prior to August 1, 1978 and at reduced prices thereafter
7.58% Series	$108.00	Prior to May 1, 1977 and at reduced prices thereafter
8.70% Series	$111.00	Prior to October 1, 1980 and at reduced prices thereafter
8.96% Series	$111.00	Prior to March 1, 1980 and at reduced prices thereafter
Preference Stock ($25 par value)		
5.20% Convertible Series	$ 25.00	At any time

No redemption of the $100 Cumulative Preferred Stock, 8.96% Series, 8.70% Series, 7.58% Series or 7.325% Series or the Cumulative Preferred Stock, 8.85% Series may be made prior to March 1, 1977, October 1, 1977, May 1, 1977, August 1, 1978 and May 1, 1979, respectively, for the purpose of refunding such shares through the use of borrowed funds (restricted to long-term indebtedness in the case of the 7.58% Series and the 8.85% Series) or of proceeds raised from the issue of preferred stock ranking senior or on a parity with the $100 Cumulative Preferred Stock or the Cumulative Preferred Stock at an effective cost of money to the Company (computed in accordance with generally accepted financial practice) of less than 9.064%, 8.806%, 7.668%, 7.325% and 8.85%, respectively, per annum, and, with respect to the 7.58% Series, through the sale of shares of stock of the Company ranking junior to such series. The $100 Cumulative Preferred Stock, 7.325% Series, has a cumulative sinking fund provision requiring the redemption of 30,000 shares annually at $100 per share, plus accumulated unpaid dividends, commencing July 31, 1983 and continuing until all the shares are retired or redeemed.

Other Provisions

Neither the Original Preferred Stock nor any outstanding series of Cumulative Preferred Stock nor the outstanding series of $100 Cumulative Preferred Stock has any conversion rights.

The 3⅛% Convertible Debentures, Due 1980, and the Preference Stock, 5.20% Convertible Series, are convertible, at the option of their holders, into shares of Common Stock at any time prior to maturity (in the case of the Debentures) or redemption, at the respective conversion prices of $41.50 and $37.00 per share. Each of such conversion prices is subject to adjustment

upon the happening of certain events, including but not limited to certain issuances of Common Stock for a consideration less than the conversion price.

None of the classes of stock of the Company has any preemptive rights. All of the shares now outstanding are fully paid and nonassessable.

EXPERTS

The financial statements for the five years ended December 31, 1974, including the statements of income for the five years then ended included herein under "Statements of Income," have been examined by Arthur Andersen & Co., independent public accountants, as set forth in their report with respect thereto, and are included herein in reliance upon the authority of said firm as experts in accounting and auditing in giving said report.

LEGAL OPINIONS

The validity of the New Stock will be passed upon for the Company by Messrs. O'Melveny & Myers, 611 West Sixth Street, Los Angeles, California 90017, special counsel for the Company, and by Rollin E. Woodbury, Vice President and General Counsel, and/or Robert J. Cahall, Assistant General Counsel, of the Company, and for the Underwriters by Messrs. Sullivan & Cromwell, 48 Wall Street, New York, New York 10005. As to matters governed by Arizona and Nevada law, such counsel will rely upon opinions of Messrs. Snell & Wilmer, Security Building, Phoenix, Arizona 85004, and Woodburn, Wedge, Blakey, Folsom and Hug, a Nevada professional corporation, First National Bank Building, One East First Street, Reno, Nevada 89505, respectively; and as to matters governed by New Mexico law and (with regard to matters affecting the interest of the Company in the Four Corners Project and the easement and lease therefor) federal and Navajo Tribal law, such counsel will rely upon the opinion of Rodey, Dickason, Sloan, Akin & Robb, P.A., a New Mexico professional corporation, First National Bank Building, Albuquerque, New Mexico 87103. 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.

The statements of law and legal conclusions under the following captions have, to the extent indicated, been prepared or reviewed by the counsel indicated and have been included herein upon the authority of such counsel: under "Regulation" by Messrs. O'Melveny & Myers and Messrs. Woodbury and Cahall; under "Property" concerning the interest of the Company in the Four Corners Project and the easement and lease therefor by Rodey, Dickason, Sloan, Akin & Robb, P.A.; under "Environmental Control Matters and Litigation" in the last paragraph and under "Government Competition and Litigation" in the second paragraph, by Messrs. Snell & Wilmer; and under "Fair Employment Practice Matters" in the first sentence of the fourth paragraph, by Messrs. Woodbury and Cahall.

Mr. Warren Christopher is a director of the Company and a partner in the firm of Messrs. O'Melveny & Myers. Messrs. Woodbury and Cahall are regular employees of the Company and as such are salaried and share in the benefits accruing to such regular employees. Mr. Woodbury has an employment contract with the Company which provides for the posthumous payment of 120 monthly installments of $858.33 plus 2% interest on the unpaid balance, and, as of December 31, 1974 had a direct or indirect interest (principally as a trustee) in the following securities of the Company: Common Stock, 5,432 shares; Original Preferred Stock, 2,202 shares; and Cumulative Preferred Stock, 4.32% Series, 118 shares; and, as of December 31, 1974 Mr. Cahall had a direct or indirect interest in 2,110 shares of the Company's Common Stock. In each case, the number of shares of Common Stock referred to includes shares credited and conditionally credited to their respective accounts as of December 31, 1974 with the trustee of the Company's employee stock purchase plan.

FINANCIAL STATEMENTS

SOUTHERN CALIFORNIA EDISON COMPANY

BALANCE SHEETS

ASSETS

	(Thousands of Dollars)	
	December 31, 1974	March 31, 1975 (Unaudited)
UTILITY PLANT:		
Plant in service, at original cost less contributions (Notes 1 and 3)	$4,320,577	$4,342,296
Less — Accumulated provision for depreciation (Note 1)	1,051,024	1,076,065
Net utility plant in service	3,269,553	3,266,231
Construction work in progress (Note 4)	422,834	471,052
Nuclear fuel, at amortized cost	22,764	21,737
Total utility plant	3,715,151	3,759,020
OTHER PROPERTY AND INVESTMENTS:		
Real estate and other, at cost — less accumulated provision for depreciation	15,605	15,210
Subsidiary companies, at equity (Notes 1 and 2)	72,961	76,278
Total other property and investments	88,566	91,488
CURRENT ASSETS:		
Cash (Note 3)	8,003	7,879
Temporary cash investments	66,673	96,592
Receivables, less reserves of $6,054,000 and $5,715,000 for uncollectible accounts at respective dates (Notes 1 and 6)	122,487	124,279
Materials and supplies, at average cost	26,547	27,289
Fuel stock, at cost (first-in, first-out)	276,268	264,751
Prepayments and other (taxes, insurance, etc.) (Note 3)	82,848	40,679
Total current assets	582,826	561,469
DEFERRED DEBITS	17,401	15,705
	$4,403,944	$4,427,682

The accompanying "Notes to Financial Statements" and the "Notes to Statements of Income" (Notes A through E) are an integral part of these balance sheets.

SOUTHERN CALIFORNIA EDISON COMPANY

BALANCE SHEETS

CAPITALIZATION AND LIABILITIES

	(Thousands of Dollars)	
	December 31, 1974	March 31, 1975 (Unaudited)
SHAREHOLDERS' EQUITY:		
Original preferred stock	$ 4,000	$ 4,000
Cumulative preferred stock	483,755	483,755
Preference stock	74,998	74,998
Common stock, including additional stated capital	395,709	395,709
Total capital stock — stated value (Note 7)	958,462	958,462
Additional paid-in capital	350,503	350,503
Retained earnings (Note 2)	677,839	688,311
Total shareholders' equity	1,986,804	1,997,276
LONG-TERM DEBT (Notes 1 and 6)	1,944,272	2,094,076
Total capitalization	3,931,076	4,091,352
CURRENT LIABILITIES:		
Accounts payable	114,748	92,794
Taxes accrued (Note A)	160,639	70,493
Interest accrued	31,134	27,114
Customer deposits	10,958	11,010
Dividends declared	24,820	26,555
Other (Note 3)	45,345	23,996
Total current liabilities	387,644	251,962
COMMITMENTS AND CONTINGENCIES (Note 3)		
RESERVES AND DEFERRED CREDITS:		
Customer advances and other deferred credits	25,601	25,552
Accumulated deferred income taxes (Note A)	29,678	29,142
Reserves for pensions, insurance, etc. (Notes 3 and 5)	29,945	29,674
Total reserves and deferred credits	85,224	84,368
	$4,403,944	$4,427,682

The accompanying "Notes to Financial Statements" and the "Notes to Statements of Income" (Notes A through E) are an integral part of these balance sheets.

SOUTHERN CALIFORNIA EDISON COMPANY

STATEMENTS OF RETAINED EARNINGS AND ADDITIONAL PAID-IN CAPITAL

(Thousands of Dollars)

	Year Ended December 31					12 Months Ended March 31, 1975 (Unaudited)
	1970	1971	1972	1973	1974	
RETAINED EARNINGS:						
Balance at Beginning of Period	$381,040	$430,477	$470,754	$513,866	$573,261	$594,540
Add —						
Net income	127,495	127,297	137,350	147,731	218,298	210,292
Adjustments — net (Note 2)	—	—	—	9,550	(2,136)	(2,136)
	508,535	557,774	608,104	671,147	789,423	802,696
Deduct —						
Dividends declared on capital stock (Note 7) —						
Original Preferred	708	720	749	749	792	806
Cumulative Preferred	12,725	17,645	21,753	25,401	32,157	33,264
Preference	3,900	3,900	3,900	3,900	3,900	3,900
	17,333	22,265	26,402	30,050	36,849	37,970
Common	60,725	64,755	67,836	67,836	74,735	76,415
	78,058	87,020	94,238	97,886	111,584	114,385
Balance at End of Period (a)	$430,477	$470,754	$513,866	$573,261	$677,839	$688,311
ADDITIONAL PAID-IN CAPITAL:						
Balance at Beginning of Period	$243,437	$243,437	$316,636	$316,636	$316,636	$316,636
Premium received on sale of common stock	—	73,199	—	—	33,867	33,867
Balance at End of Period	$243,437	$316,636	$316,636	$316,636	$350,503	$350,503

(a) Includes undistributed earnings of unconsolidated subsidiary companies of $12,702,000 at December 31, 1974 and $12,832,000 at March 31, 1975.

The accompanying "Notes to Financial Statements" and the "Notes to Statements of Income" (Notes A through E) are an integral part of these statements.

SOUTHERN CALIFORNIA EDISON COMPANY

STATEMENTS OF CHANGES IN FINANCIAL POSITION

	(Thousands of Dollars)					
	Year Ended December 31					12 Months Ended March 31, 1975
	1970	1971	1972	1973	1974	(Unaudited)
FUNDS PROVIDED BY:						
Operations —						
Net income	$127,495	$127,297	$137,350	$ 147,731	$218,298	$210,292
Non-fund items —						
Depreciation	86,239	94,398	104,434	109,878	116,189	118,362
Equity in earnings of unconsolidated subsidiaries (Notes 1 and 2)	—	—	—	(995)	(1,040)	(1,030)
Allowance for funds used during construction (Note B)	(17,007)	(15,859)	(7,152)	(10,190)	(16,163)	(18,299)
Other (net)	816	336	864	1,749	5,822	3,948
Total from operations	197,543	206,172	235,496	248,173	323,106	313,273
Long-term financing —						
Preferred stock	100,000	—	75,000	75,000	50,000	50,000
Long-term debt	100,438	107,553	125,000	4,558	222,486	273,681
Common stock	—	98,130	—	—	67,200	67,200
Total from long-term financings	200,438	205,683	200,000	79,558	339,686	390,881
Other sources —						
Construction advances and other	(2,994)	2,111	1,440	7,540	169	(705)
Decrease in working capital items	—	—	—	148,784	—	—
Total from other sources	(2,994)	2,111	1,440	156,324	169	(705)
Total funds provided	$394,987	$413,966	$436,936	$ 484,055	$662,961	$703,449
FUNDS APPLIED TO:						
Construction additions — net	$293,463	$280,226	$260,796	$ 325,681	$335,784	$347,924
Less — allowance for funds used during construction (Note B)	17,007	15,859	7,152	10,190	16,163	18,299
Funds used for capital expenditures	276,456	264,367	253,644	315,491	319,621	329,625
Advances to unconsolidated subsidiaries	—	—	—	—	13,870	14,342
Dividends	78,058	87,020	94,238	97,886	111,584	114,385
Repayment of long-term debt	—	—	—	70,678	—	—
Other	8,571	24,478	14,508	—	4,210	893
Increase in working capital items	31,902	38,101	74,546	—	213,676	244,204
Total funds applied	$394,987	$413,966	$436,936	$ 484,055	$662,961	$703,449
WORKING CAPITAL CHANGES:						
Receivables and temporary cash investments	$ 7,087	$ 42,063	$ 85,677	$ (94,242)	$ 98,352	$118,476
Fuel stock and materials and supplies	(12,151)	13,299	15,492	85,948	139,951	52,671
Prepayments and other	4,098	(104)	73	(914)	40,931	663
Notes and accounts payable	41,563	(15,421)	(13,462)	(127,359)	42,338	58,006
Taxes and interest accrued	(4,779)	84	(11,161)	(9,695)	(100,706)	21,412
Other (net)	(3,916)	(1,820)	(2,073)	(2,522)	(7,190)	(7,024)
Increase (Decrease) in working capital	$ 31,902	$ 38,101	$ 74,546	$(148,784)	$213,676	$244,204

The accompanying "Notes to Financial Statements" and the "Notes to Statements of Income" (Notes A through E) are an integral part of these statements.

SOUTHERN CALIFORNIA EDISON COMPANY

NOTES TO FINANCIAL STATEMENTS

(Data for the period ended after December 31, 1974 is unaudited)

Note 1 — Summary of Significant Accounting Policies

The accounting records of the Company are maintained in accordance with the uniform system of accounts prescribed by the Federal Power Commission ("FPC") and adopted by the California Public Utilities Commission ("PUC").

Additions to utility plant and replacements of retirement units of property are capitalized at original cost less contributions, which cost includes labor, material, indirect charges for engineering, supervision, transportation, etc., and an allowance for funds used during construction (see Note B of "Notes to Statements of Income"). Maintenance is charged with the cost of repairs and minor renewals; plant accounts with the replacement of property units; and the depreciation reserve with the cost, less net salvage, of property units retired.

Depreciation of utility plant is computed on a straight-line remaining life basis for financial statement purposes and approximated 2.8% of average depreciable plant for 1970-1973 and 2.9% for 1974 and the 12 months ended March 31, 1975. Income tax expense has been reduced by the current tax reductions arising from investment tax credits and the use of liberalized methods and lives in computing depreciation for income tax purposes (see Note A of "Notes to Statements of Income").

Debt premium or discount and related expenses are being amortized to income over the lives of the issues to which they pertain.

Customers are billed monthly, except for most residential customers who are billed bimonthly. Revenues are recorded when customers are billed.

Investments in unconsolidated subsidiary companies, all of which are wholly owned, are stated on an equity basis.

Note 2 — Changes in Accounting Methods

Retained earnings were increased in 1973 by $9,550,000, which consisted of the balance of undistributed earnings of unconsolidated subsidiary companies of $10,667,000 at the date the Company adopted the equity method of accounting, less $1,117,000 transferred from retained earnings to increase the required reserve for certain federally licensed hydroelectric projects. On December 31, 1974, the unamortized balance of capital stock expense, $2,136,000, was transferred to retained earnings since it is the Company's intention to charge retained earnings direct for capital stock expenses incurred in future periods. In 1974 and prior years, capital stock expense was amortized to income over a five-year period from the dates incurred.

These accounting changes have not had a significant effect on net income and are in compliance with the orders and authorizations of the regulatory agencies exercising jurisdiction over the Company's accounting.

SOUTHERN CALIFORNIA EDISON COMPANY

NOTES TO FINANCIAL STATEMENTS (Continued)

(Data for the period ended after December 31, 1974 is unaudited)

Note 3 — Commitments and Contingencies

Construction program, Environmental —

The Company has significant purchase commitments in connection with its continuing construction program. The construction program is currently estimated at $503,000,000 for 1975 and $676,000,000 for 1976.

Increasingly stringent air quality standards imposed in Nevada and New Mexico affecting coal-fired generating plants have required the Company to participate with the other co-owners of the Mohave and Four Corners Projects in the installation of additional pollution control equipment which is expected to involve added investment by the Company in excess of $118,000,000.

For additional information regarding these and other contingencies, see "Government Competition and Litigation" and "Environmental Control Matters and Litigation" under "Business and Property."

Fuel supply —

Long-term commitments, expected to approximate a minimum of $8 billion (including $6.7 billion covered by a letter of intent which is the basis of current negotiations for a definitive contract), exist under the Company's fuel supply and transportation arrangements. The Company's fuel supply arrangements include short-term commitments under a fuel supply arrangement entered into in 1974 with a trust, whereby the Company concurrently assigned its principal long-term fuel supply contract to the trust and agreed to purchase fuel oil delivered to the trust by the original fuel supplier. Payments to the trust for fuel oil purchases consist of the trust's cost of oil determined on a first-in, first-out basis plus related administrative and carrying costs. For financial reporting purposes, purchases of the trust are assumed to have been made on behalf of the Company. Accordingly, the balance sheet at December 31, 1974 and March 31, 1975 includes $33,453,000 and $10,711,000, respectively, recorded in current assets — prepayments and other, and current liabilities — other, reflecting the Company's commitments to purchase the trust's fuel oil inventory during 1975.

Government licenses —

Major hydroelectric plants together with certain reservoirs are located in whole or in part on lands of the United States under Government licenses and permits which expire between 1975 and 2009. (See "Property" under "Business and Property.") Such licenses and permits contain numerous restrictions and obligations, including the right of the United States to acquire the projects, under certain conditions, upon payment of specified compensation.

Revenues —

Pursuant to FPC authorizations, the Company has increased rates during 1973 and 1974 for certain of its resale customers prior to the final determination of the rate cases pending before the FPC. Additional revenues of approximately $34,100,000 and $49,915,000 collected thereunder at December 31, 1974 and March 31, 1975, respectively, are subject to refund with interest to the extent that any portion of the increases are subsequently determined by the FPC to be inappropriate. The Company believes that, based on present facts, the amount of revenues, if any, which may be required to be refunded would not have a significant effect on net income in 1973, 1974 or the 12 months ended March 31, 1975.

Compensating balances and short-term debt —

In order to continue lines of credit with various banks, which amounted to approximately $157,000,000 at December 31, 1974 and March 31, 1975, the Company maintains deposits aggregating approximately $15,000,000, which are not legally restricted as to withdrawal. None

Note 3 — Commitments and Contingencies (Continued)

of such lines of credit was used at such dates. Of such lines of credit, $8,000,000 may be utilized only for the repayment of commercial paper.

There were no notes payable to banks outstanding at December 31, 1974 or March 31, 1975. The maximum amount of short-term borrowing was $115,250,000 during 1974 and the 12 months ended March 31, 1975, with average daily borrowings outstanding during such periods of $48,127,000 and $38,773,000, respectively. The approximate weighted average interest rate for these borrowings (total interest divided by average daily borrowings) was 10.15% for 1974 and 10.40% for the 12 months ended March 31, 1975.

The maximum amount of commercial paper outstanding during 1974 and the 12 months ended March 31, 1975 was $88,900,000 with average daily borrowings during such periods of $28,463,000 and $17,460,000, respectively. The approximate weighted average interest rate for these borrowings (total interest divided by average daily borrowings) was 10.83% for 1974 and 11.36% for the 12 months ended March 31, 1975.

The variation between cash reported on the Company's balance sheet and the minimum aggregate deposits recorded by the banks is considered "float," which is principally due to timing differences in recording deposits and withdrawals by the Company and the banks.

Legal matters —

For discussion of claims against the Company arising out of alleged discriminatory employment practices, see "Fair Employment Practices Matters" under "Business and Property." For other legal matters involving or affecting the Company, see "Environmental Control Matters and Litigation" and "Governmental Competition and Litigation" under "Business and Property."

Note 4 — Research and Development

Plant related research and development ("R&D") expenditures are accumulated in construction work in progress ("CWIP") until a determination is made whether or not such projects will result in construction of electric plant. If no construction of electric plant ultimately results, the expenditures are charged to operating expense. The balance of R&D expenditures included in CWIP at December 31, 1974 and March 31, 1975 was $8,399,000 and $8,949,000, respectively. R&D expenditures are expensed currently if they are of a general nature. Total R&D expenditures amounted to $3,594,000 in 1970; $4,137,000 in 1971; $11,107,000 in 1972; $17,441,000 in 1973; $15,402,000 in 1974 and $13,967,000 for the 12 months ended March 31, 1975. The net amounts of R&D charged to CWIP amounted to $689,000 in 1970; $1,006,000 in 1971; $4,190,000 in 1972; $9,407,000 in 1973; $(542,000) in 1974; and $(1,767,000) for the 12 months ended March 31, 1975. During the same period the amounts of R&D expensed were: $2,905,000 in 1970; $3,131,000 in 1971; $6,917,000 in 1972; $8,034,000 in 1973; $15,944,000 in 1974; and $15,734,000 for the 12 months ended March 31, 1975.

Note 5 — Retirement Plans

The Company's current pension program is based on a trusteed non-contributory pension plan. Since January 1, 1966, the required Company contributions have been determined on the basis of a level premium funding method. Past service costs incurred prior to that date have been funded. Pension costs are funded or reserved for on an actuarial basis and amounted to $12,249,000 for 1970; $13,238,000 for 1971; $12,519,000 for 1972; $14,895,000 for 1973; $19,789,000 for 1974; and $20,467,000 for the 12 months ended March 31, 1975.

SOUTHERN CALIFORNIA EDISON COMPANY

NOTES TO FINANCIAL STATEMENTS (Continued)

(Data for the period ended after December 31, 1974 is unaudited)

Note 5 — Retirement Plans (Continued)

Provisions of the Employee Retirement Income Security Act of 1974, which will become effective in 1976, will require the Company to amend its pension plan which amendments will have the effect of increasing the annual pension cost by approximately $1,250,000 commencing in 1976.

Under the employee stock purchase plan adopted to supplement employees' income after retirement, employees may elect to contribute specified percentages of their compensation to a trustee for the purchase of Company Common Stock and the Company contributes to the plan an amount equivalent to one-half of the aggregate contributions of employees, less forfeitures. The Company's contribution amounted to $1,716,000 for 1970; $1,850,000 for 1971; $2,015,000 for 1972; $2,080,000 for 1973; $2,272,000 for 1974; and $2,333,000 for the 12 months ended March 31, 1975.

Note 6 — Long-Term Debt

A summary of long-term debt outstanding at December 31, 1974 and March 31, 1975 and related unamortized premium or discount follows:

			(Thousands of Dollars)			
First and Refunding Mortgage Bonds			December 31, 1974		March 31, 1975	
Series	Maturity	Interest Rate	Principal Amounts	Unamortized Premium (Discount)	Principal Amounts	Unamortized Premium (Discount)
C	1976	2⅞%	$ 35,000	$ 14	$ 35,000	$ 11
D	1976	3⅛	30,000	25	30,000	21
E	1978	3⅝	30,000	(24)	30,000	(23)
F	1979	3	30,000	1	30,000	1
G	1981	3⅝	40,000	(173)	40,000	(166)
H	1982	4¼	37,500	(74)	37,500	(71)
I	1982	4¾	40,000	(20)	40,000	(20)
J	1982	4⅞	40,000	47	40,000	46
K	1983	4⅝	50,000	40	50,000	39
L	1985	5	30,000	56	30,000	54
M	1985	4⅜	60,000	(189)	60,000	(185)
N	1986	4½	30,000	65	30,000	63
O	1987	4¼	40,000	(134)	40,000	(132)
P	1987	4¼	50,000	(82)	50,000	(81)
Q	1988	4⅜	60,000	9	60,000	9
R	1989	4⅜	60,000	(268)	60,000	(263)
S	1990	4½	60,000	118	60,000	116
T	1991	5¼	75,000	(383)	75,000	(377)
U	1991	6⅛	80,000	(260)	80,000	(256)
V	1992	5⅞	80,000	122	80,000	121
W	1993	6⅜	100,000	(408)	100,000	(403)
X	1994	7⅛	75,000	(48)	75,000	(47)
Y	1994	8⅛	100,000	(693)	100,000	(684)
Z	1995	7⅞	100,000	(483)	100,000	(477)
AA	1996	8	100,000	(459)	100,000	(453)
BB	1997	7⅜	125,000	(1,108)	125,000	(1,095)
CC	1999	8¼	100,000	172	100,000	171
DDP	1999	7	15,030	—	15,030	—
EE	1981	9	100,000	(1,220)	100,000	(1,176)
FF	2000	8⅞	—	—	150,000	(2,220)
			1,772,530	(5,357)	1,922,530	(7,477)
First Mortgage Bonds (Calectric)	1976-1991	2⅞-5⅛	87,340	31	87,340	26
Convertible Debentures	1980	3⅛	74,902	499	74,902	477
Promissory Notes	1979-1981	5½	14,327	—	16,278	—
Principal Amounts Outstanding			1,949,099	—	2,101,050	—
Unamortized Premium or Discount (net)			(4,827)	$(4,827)	(6,974)	$(6,974)
Total Long-Term Debt			$1,944,272		$2,094,076	

Note 6 — Long-Term Debt (Continued)

The authorized principal amount of each series of First and Refunding Mortgage Bonds is equal to the amount outstanding. The Trust Indenture under which these bonds are issued permits the issuance from time to time of additional bonds thereunder pursuant to the restrictions and conditions contained therein. The indenture also requires semiannual deposits with the Trustees of 1½% of the principal amount of its outstanding First and Refunding Mortgage Bonds and the First Mortgage Bonds of Calectric. The amount authorized for each series of First Mortgage Bonds is equal to or greater than the amount outstanding. The Calectric indenture requires an annual deposit with the Trustee of 1% of the principal amount of First Mortgage Bonds issued less certain bonds retired, plus an amount equivalent to the excess of 15% of gross operating revenues over costs of maintenance of the property subject to the lien of such indenture. These deposit requirements of such indentures may be and have been satisfied by property additions and replacements, and by delivery and cancellation of bonds outstanding under the applicable indenture. The Series DDP, First and Refunding Mortgage Bonds are subject to a mandatory sinking fund commencing on July 1, 1990.

The amount of long-term debt maturing in the 12 month periods ending March 31, will be: $35,000,000 for 1976; $45,840,000 for 1977; none for 1978; $38,350,000 for 1979; and $35,744,000 for 1980.

At December 31, 1974 and March 31, 1975, the 3⅛% Convertible Debentures, Due 1980, were convertible at the adjusted rate of one share of Common Stock for each $41.50 of the principal amount of such debentures. Any such debentures which are converted may not be reissued.

The Company has entered into a financing agreement, as amended, with certain English banks pursuant to which it expects to issue over a period ending not later than January 31, 1977, promissory notes payable in pounds sterling in the maximum aggregate principal amount of £11,833,624 (but not to exceed $28,400,000). At December 31, 1974 and March 31, 1975, promissory notes were outstanding in the amounts of £5,966,800 (recorded at $14,327,000) and £6,786,800 (recorded at $16,278,000), respectively. These notes were issued at various dates, are secured by a pledge of the Company's customer accounts receivable and are recorded at historical exchange rates. At the December 31, 1974 exchange rate ($2.347 per £), the Company had an unrecognized exchange gain of approximately $322,000. However, at the March 31, 1975 exchange rate ($2.4067 per £), the Company has an unrecognized exchange loss of approximately $57,000.

Note 7 — Capital Stock

Transactions in the capital stock accounts for the five years ended December 31, 1974 reflect the issuance of the following: in 1970, 500,000 shares of $100 Cumulative Preferred Stock 8.70% Series, and 500,000 shares of $100 Cumulative Preferred Stock 8.96% Series; in 1971, 3,000,000 shares of Common Stock, and 1,933 shares of Common Stock due to conversion of $85,000 principal amount of 3⅛% Convertible Debentures, Due 1980; in 1972, 750,000 shares of $100 Cumulative Preferred Stock 7.58% Series; in 1973, 750,000 shares of $100 Cumulative Preferred Stock 7.325% Series; and in 1974, 2,000,000 shares of Cumulative Preferred Stock 8.85% Series ($25 par value) and 4,000,000 shares of Common Stock. There have been no transactions in the capital stock accounts since December 31, 1974.

The quarterly dividend rate was increased from 35¢ to 37½¢ per share effective with the dividend paid on Common Stock April 30, 1970, and on Original Preferred Stock June 30, 1970; to 39¢ per share effective with the dividend paid on Common Stock January 31, 1972, and on Original Preferred Stock March 31, 1972; and to 42¢ per share effective with the dividend paid on Common Stock April 30, 1974, and on Original Preferred Stock June 30, 1974.

SOUTHERN CALIFORNIA EDISON COMPANY

NOTES TO FINANCIAL STATEMENTS (Continued)

(Data for the period ended after December 31, 1974 is unaudited)

Note 7 — Capital Stock (Continued)

A summary of the capital stock accounts at December 31, 1974 and March 31, 1975 follows:

	Shares Outstanding	Redemption Price Per Share	(Thousands of Dollars) December 31, 1974	March 31, 1975
Original Preferred — 5%, prior, cumulative, participating, not redeemable, authorized 480,000 shares, par value $8⅓ per share	480,000		$ 4,000	$ 4,000
Cumulative Preferred — authorized 12,000,000 shares, par value $25 per share (a)				
4.08% Series	1,000,000	$ 25.50	25,000	25,000
4.24% Series	1,200,000	25.80	30,000	30,000
4.32% Series	1,653,429	28.75	41,336	41,336
4.78% Series	1,296,769	25.80	32,419	32,419
5.80% Series	2,200,000	27.00	55,000	55,000
8.85% Series	2,000,000	27.20	50,000	50,000
$100 Cumulative Preferred — authorized 6,000,000 shares, par value $100 per share (a)				
7.325% Series	750,000	115.00	75,000	75,000
7.58% Series	750,000	108.00	75,000	75,000
8.70% Series	500,000	111.00	50,000	50,000
8.96% Series	500,000	111.00	50,000	50,000
			483,755	483,755
Preference — authorized 10,000,000 shares, par value $25 per share (a) (b)				
5.20% Convertible Series	2,999,900	25.00	74,998	74,998
Common — authorized 60,000,000 shares, par value $8⅓ per share, including additional stated capital (b)	47,484,883		395,709	395,709
Total capital stock — stated value (c)			$958,462	$958,462

(a) All series of $100 Cumulative Preferred, Cumulative Preferred and Preference Stock are redeemable at the option of the Company. The various series of $100 Cumulative Preferred Stock and the Cumulative Preferred Stock 8.85% Series, are subject to certain restrictions on redemption for refunding purposes. The $100 Cumulative Preferred Stock 7.325% Series has a cumulative sinking fund provision requiring the redemption of 30,000 shares annually at $100 per share, plus accumulated unpaid dividends, commencing July 31, 1983, and continuing until all shares are redeemed.

(b) Under a prescribed formula, the conversion prices of convertible securities are adjusted when additional shares of Common Stock are sold by the Company, as occurred in 1974. At December 31, 1974 and March 31, 1975, the shares of Common Stock reserved for the Preference Stock 5.20% Convertible Series amounted to 2,026,960, reflecting the adjustment of the conversion price from $39.00 to $37.00 per share. An additional 1,804,868 shares

(Data for the period ended after December 31, 1974 is unaudited)

Note 7 — Capital Stock (Continued)

of Common Stock were reserved at those dates for the conversion of 3⅛% Convertible Debentures, Due 1980 at a conversion price adjusted from $43.50 to $41.50 per share.

(c) The Company's Articles of Incorporation authorize the issue of 2,000,000 shares of $100 Preference Stock, $100 par value, none of which was outstanding as of December 31, 1974 and March 31, 1975.

REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

To Southern California Edison Company:

We have examined the balance sheet of Southern California Edison Company (a California corporation, hereinafter referred to as the "Company") as of December 31, 1974, and the related statements of income (included under "Statements of Income"), retained earnings, additional paid-in capital and changes in financial position 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 financial statements referred to above present fairly the financial position of the Company as of December 31, 1974, and the results of its operations and the changes in its financial position for the five years then ended, in conformity with generally accepted accounting principles consistently applied during the periods.

ARTHUR ANDERSEN & CO.

Los Angeles, California
January 31, 1975

UNDERWRITING

The Underwriters named below have severally agreed to purchase from the Company the following respective numbers of shares of the New Stock:

Underwriters	Number of Shares to be Purchased
The First Boston Corporation	154,750
Dean Witter & Co. Incorporated	154,750
Blyth Eastman Dillon & Co. Incorporated	154,750
Merrill Lynch, Pierce, Fenner & Smith Incorporated	154,750
Advest Co.	8,000
American Securities Corporation	17,000
Bacon, Whipple & Co.	8,000
Robert W. Baird & Co. Incorporated	8,000
Basle Securities Corporation	17,000
Bateman Eichler, Hill Richards, Incorporated	29,000
Birr, Wilson & Co., Inc.	8,000
William Blair & Company	8,000
Blunt Ellis & Simmons Incorporated	8,000
Boettcher & Company	4,000
Bosworth, Sullivan & Company, Inc.	4,000
J. C. Bradford & Co.	8,000
Alex. Brown & Sons	17,000
Butcher & Singer	8,000
The Chicago Corporation	4,000
Julien Collins & Company	4,000
Craigie, Mason-Hagan, Inc.	4,000
Crowell, Weedon & Co.	24,000
Dain, Kalman & Quail, Incorporated	8,000
Daiwa Securities America Inc.	17,000
Davis, Skaggs & Co., Inc.	17,000
Dillon, Read & Co. Inc.	29,000
Drexel Burnham & Co. Incorporated	29,000
A. G. Edwards & Sons, Inc.	8,000
Elkins, Stroud, Suplee & Co.	4,000
Eppler, Guerin & Turner, Inc.	4,000
First of Michigan Corporation	8,000
First Mid America Inc.	4,000
First Southwest Company	8,000
Foster & Marshall Inc.	4,000
Fulton, Reid & Staples, Inc.	8,000
Goldman, Sachs & Co.	29,000
Halsey, Stuart & Co. Inc.	29,000
Hambrecht & Quist	4,000
Harris, Upham & Co. Incorporated	17,000
Herzfeld & Stern	4,000
J. J. B. Hilliard, W. L. Lyons, Inc.	8,000
Holt & Collins	2,000
Hoppin, Watson Inc.	4,000
Hornblower & Weeks-Hemphill, Noyes Incorporated	29,000
Howard, Weil, Labouisse, Friedrichs Incorporated	8,000
E. F. Hutton & Company Inc.	29,000
The Illinois Company Incorporated	4,000
Interstate Securities Corporation	8,000
Janney Montgomery Scott Inc.	4,000
Johnston, Lemon & Co. Incorporated	8,000
Josephthal & Co.	4,000
Kidder, Peabody & Co. Incorporated	29,000
Kirkpatrick, Pettis, Smith, Polian Inc.	2,000
Kuhn, Loeb & Co.	29,000
Ladenburg, Thalmann & Co. Inc.	17,000
Lazard Frères & Co.	29,000
Legg Mason/Wood Walker Div. of First Regional Securities, Inc.	8,000
Lehman Brothers Incorporated	29,000
Loeb, Rhoades & Co.	29,000
Loewi & Co. Incorporated	8,000
McDonald & Company	8,000
The Milwaukee Company	4,000
Mitchum, Jones & Templeton, Incorporated	4,000
Moore, Leonard & Lynch, Incorporated	8,000
Morgan, Olmstead, Kennedy & Gardner Incorporated	4,000
Moseley, Hallgarten & Estabrook Inc.	17,000
New Japan Securities International, Inc.	2,000
Newhard, Cook & Co. Incorporated	8,000
The Nikko Securities Co. International, Inc.	17,000
The Ohio Company	8,000
Paine, Webber, Jackson & Curtis Incorporated	29,000
Pflueger & Baerwald Inc.	2,000
Piper, Jaffray & Hopwood Incorporated	8,000
Wm. E. Pollock & Co., Inc.	8,000
Prescott, Ball & Turben	8,000
R. W. Pressprich & Co. Incorporated	17,000
Rauscher Pierce Securities Corporation	8,000
Reinholdt & Gardner	8,000
Reynolds Securities Inc.	29,000
Robertson, Colman, Siebel & Weisel	4,000
The Robinson-Humphrey Company, Inc.	8,000
L. F. Rothschild & Co.	17,000
Rotan Mosle Inc.	8,000
R. Rowland & Co. Incorporated	4,000
Salomon Brothers	29,000
Scherck, Stein & Franc, Inc.	4,000
Shearson Hayden Stone Inc.	29,000
Shields Model Roland Securities Incorporated	17,000
Shuman, Agnew & Co., Inc.	24,000
Smith, Barney & Co. Incorporated	29,000
SoGen-Swiss International Corporation	17,000
Stern Brothers & Co.	8,000
Stern, Frank, Meyer & Fox, Incorporated	17,000
Stifel, Nicolaus & Company Incorporated	4,000
Stix & Co. Inc.	2,000
Stone & Youngberg	8,000
Sutro & Co. Incorporated	24,000
Thomson & McKinnon Auchincloss Kohlmeyer Inc.	17,000
Spencer Trask & Co. Incorporated	29,000
Tucker, Anthony & R. L. Day	17,000
Wagenseller & Durst, Inc.	17,000
Warburg Paribas Becker Inc.	17,000
Watling, Lerchen & Co. Incorporated	8,000
Wedbush, Nobel, Cooke, Inc.	2,000
Weeden & Co. Incorporated	17,000
Wertheim & Co., Inc.	29,000
Wheat, First Securities, Inc.	8,000
White, Weld & Co. Incorporated	29,000
Wood, Struthers & Winthrop Inc.	17,000
Yamaichi International (America), Inc.	17,000
TOTAL	2,000,000

The Underwriting Agreement provides that the obligations of the Underwriters are subject to certain conditions precedent, and that the Underwriters will be obligated to purchase all

of the shares of the New Stock if any are purchased, although under certain circumstances involving the default of some but not all of the Underwriters, the Company may elect to proceed with the sale of less than all of the New Stock.

The Company has been advised by The First Boston Corporation, Dean Witter & Co. Incorporated, Blyth Eastman Dillon & Co. Incorporated and Merrill Lynch, Pierce, Fenner & Smith Incorporated, as Representatives of the Underwriters, that the Underwriters propose to offer the New Stock to the public initially at the offering price set forth on the cover page of this Prospectus and to certain dealers at such price less a concession of not more than 50¢ per share; that the Underwriters and such dealers may allow a discount of 25¢ per share on sales to other dealers; and that the public offering price and concessions and discounts to dealers may be changed by the Representatives.

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

TABLE OF CONTENTS

No dealer, salesman or other person has been authorized to give any information or to make any representation not contained in this Prospectus and, if given or made, such information or representation must not be relied upon as having been authorized by the Company or the Underwriters. This Prospectus is not an offer to sell, or a solicitation of an offer to buy, by any Underwriter in any state in which it is unlawful for such Underwriter to make such an offer or solicitation.

Southern California Edison Company

2,000,000 Shares
Cumulative Preferred Stock
9.20% Series
($25 par value)

PROSPECTUS