

early 1950's, however, internally generated funds—retained earnings, depreciation and amortization reserves, and deferred taxes—have supplied an increasing share and in 1962 nearly 60 percent of the investor-owned segment's construction funds were internally generated. Amortization and depreciation, which supplied 40 percent of construction funds in 1962, has replaced new debt issues as the most important single source of funds.

Table 7 shows the shifts which have taken place in the major sources of construction funds since 1950.

TABLE 7.—*Sources of construction funds, investor-owned electric utilities, 1950-62*

Source	1950	1954	1958	1962
Security issues:	<i>Percent</i>	<i>Percent</i>	<i>Percent</i>	<i>Percent</i>
Common stock.....	24.6	17.5	14.5	13.8
Preferred stock.....	9.5	6.7	6.6	4.4
Debt.....	33.0	41.6	38.2	22.7
Total securities.....	67.1	65.8	59.3	40.9
Internal funds:				
Retained earnings.....	7.8	6.2	8.6	14.0
Deferred taxes.....		4.5	5.9	3.9
Depreciation and amortization.....	25.1	23.5	26.2	41.2
Total internal funds.....	32.9	34.2	40.7	59.1
Total.....	100.0	100.0	100.0	100.0
Total construction funds.....	<i>Millions</i> \$1,920	<i>Millions</i> \$2,950	<i>Millions</i> \$3,794	<i>Millions</i> \$3,360

The overall capital structure of investor-owned systems consists of approximately 53 percent debt, 10 percent preferred stock, and 37 percent common stock and retained earnings.

Table 8, which traces the composite of the capital structure of the investor-owned segment for selected years from 1946 to 1962, indicates that there has been little change in the capital structure since the mid-1950's.

Approximately 11 percent of the revenues of investor-owned electric utilities in 1962 were paid in Federal income taxes on the earnings of equity capital. Revenues must also cover State and local taxes, which together approximate the magnitude of Federal income taxes. The aggregate of all taxes paid by the investor-owned sector in 1962, exclusive of provisions for deferred income taxes, was about 22 percent of total revenues.

TABLE 8.—*Composite capital structure investor-owned electric utilities, 1946-62*

[In percent]				
Year	Common stock	Earned surplus	Preferred stock	Debt
1946.....	32.1	6.3	15.2	46.4
1950.....	29.8	7.1	13.6	49.5
1954.....	28.7	7.7	12.4	51.2
1958.....	26.7	8.5	11.3	53.5
1962.....	26.8	10.2	10.2	52.8