

Decision No. 30992

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of
THE NEVADA-CALIFORNIA ELECTRIC
CORPORATION for an order author-
izing the issuance of a note
pursuant to Section 52 (b) of the
Public Utilities Act.

Application No. 21930

ORIGINAL

D. L. King, for applicant.

BY THE COMMISSION:

O P I N I O N

In this proceeding, as amended at the hearing had before Examiner Fankhauser June 10, 1938, The Nevada-California Electric Corporation asks permission to issue to the Bank of America, National Trust and Savings Association, its note for \$700,000.00 for the purpose of refunding or lawfully discharging outstanding obligations.

Applicant is a corporation organized and existing under the laws of the State of Delaware and doing business as a public utility for the generation, transmission and distribution of electric energy in and between the States of California, Arizona and Nevada, subject to the regulatory powers of the Railroad Commission of the State of California, the Corporation Commission of Arizona, the Public Service Commission of Nevada, and the Federal Power Commission.

The testimony shows that applicant has issued notes for the sum of \$1,020,000.00 on which there is now due \$736,666.67 as follows:

	<u>Face Amount</u>	<u>Balance Due</u>
First National Bank of Denver, Colorado	\$105,000.00	\$ 52,500.00
International Trust Company of Denver, Colo.	105,000.00	52,500.00
Denver National Bank of Denver, Colo.	105,000.00	52,500.00
Colorado National Bank of Denver, Colo.	105,000.00	52,500.00
United States National Bank of Denver, "	80,000.00	40,000.00
Citizens National Trust & Savings Bank of Riverside, Calif.	120,000.00	120,000.00
Bank of America, National Trust and Sav- ings Association, San Francisco, Cal.	<u>400,000.00</u>	<u>366,666.67</u>
Totals	\$1,020,000.00	\$736,666.67

Applicant has made arrangements to borrow \$700,000.00 from the Bank of America, National Trust and Savings Association. The loan is to be represented by a note payable in installments of \$20,000.00 or more on the first day of the month following the date of the note. The note will carry an interest rate of $4\frac{1}{2}\%$ per annum payable monthly. The payment of the note will, in the first instance, be secured by the deposit with the bank of merchandise contracts, payable to applicant or its predecessor in interest, for the sale of electrical appliances or equipment. The agreement between the applicant and bank, provides that until the loan is paid in full the contracts assigned and pledged to the bank, shall have an aggregate unpaid balance in an amount of not less than 143% of the amount of the unpaid balance of the note and that no contracts upon which payments are more than thirty (30) days delayed, shall be eligible as collateral for the indebtedness. In the event that any contracts pledged to the bank shall become delinquent for more than thirty days, applicant agrees to assign and pledge with the bank additional contracts, not in default, having an unpaid balance sufficient to bring the total unpaid balance on such contracts to an amount equal to 143% of the balance due on said loan, or deposit 5% first lien bonds of applicant at their market value in an amount sufficient to restore the collateral to the amount required by the loan agreement. The testimony submitted shows that applicant, or its subsidiaries, have acquired from time to time, some of applicant's first lien bonds and that they have available for deposit a sufficient amount of said bonds to comply with the loan agreement.

Applicant will use the proceeds realized through the issue of the \$700,000.00 note to pay the balance due on the notes issued to the several Denver banks, pay the balance due on the note issued to the Bank of America, National Trust and Savings Association and to pay in part the balance due the Citizens National Trust and Savings

Bank of Riverside. It is of record that the proceeds realized through the issue of the aforementioned notes on which there is now due, a balance of \$736,666.67 were used to redeem outstanding debentures and to finance merchandise and appliance sales.

O R D E R

The Nevada-California Electric Corporation, having asked permission to issue a note for the sum of \$700,000.00, a public hearing being held, and the Commission being of the opinion that the money, property, or labor to be procured or paid for by the issue of such note is reasonably required by applicant, and that this application should be granted, therefore,

IT IS HEREBY ORDERED, that The Nevada-California Electric Corporation be, and it is hereby, authorized, to issue after the effective date hereof, and prior to October 1, 1938, its promissory note for the sum of \$700,000.00, said note to be in terms similar to the note filed in this proceeding as Exhibit A and use the proceeds realized from the issue of said note to pay outstanding indebtedness mentioned in the foregoing opinion.

IT IS HEREBY FURTHER ORDERED, that for the purpose of securing the said note, The Nevada-California Electric Corporation be, and it is hereby, authorized, to execute a loan agreement in terms similar to the loan agreement filed with this Commission on May 17, 1938.

IT IS HEREBY FURTHER ORDERED, that the authority herein granted will become effective when applicant has paid the fee prescribed by Section 57 of the Public Utilities Act, which fee is \$700.00.

IT IS HEREBY FURTHER ORDERED, that within thirty (30) days after the issue of the aforementioned note and the execution of said loan agreement, The Nevada-California Electric Corporation

shall file with the Railroad Commission, a copy of said note and of said loan agreement.

DATED at San Francisco, California this 20th day of June 1938.

Walter H. Hays
Ernest A. Hays
Frank R. Hays
Raymond Hays
Ray & Hays
COMMISSIONERS

