

ORIGINAL

Decision No. 34886

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

IN THE MATTER OF THE APPLICATION OF  
CALIFORNIA ELECTRIC POWER COMPANY  
FOR AN ORDER UNDER SECTION 52 OF THE  
PUBLIC UTILITIES ACT AUTHORIZING THE  
ISSUANCE OF SECURITIES.

Application No. 24646

BY THE COMMISSION:

O P I N I O N

In this proceeding, California Electric Power Company asks permission to issue to Bank of America National Trust & Savings Association its promissory note for the sum of \$1,350,000 for the purpose of paying indebtedness and reimbursing its treasury because of income expended for additions and betterments and the payment of debentures.

California Electric Power Company, hereinafter sometimes referred to as applicant, is engaged in the business of supplying electric energy as a public utility to members of the public in the Counties of Mono, Inyo, Kern, San Bernardino, Riverside and Imperial, State of California, in the Counties of Nye and Esmeralda, State of Nevada, and in the County of Yuma, State of Arizona, and at wholesale for resale in Lower California, Mexico.

Applicant, on September 5, 1941, issued to First

National Bank of Denver, as representative of six Denver banks, its 3½% note for the sum of \$525,000, payable as follows:

\$125,000 on December 1, 1941  
125,000 on January 2, 1942, and  
275,000 on July 1, 1942.

On the same date it also issued to First National Bank of Denver, as representative of six Denver banks, its 3½% note for the sum of \$725,000, payable on September 1, 1942. The money was borrowed primarily for the purpose of paying Federal income taxes that have been in controversy. The claim of the Federal government for 1934 and 1935 income taxes has been settled at \$1,013,617.75. Negotiations are in process to determine the amount of 1936 and 1937 income taxes due.

For the purpose of paying the balance of the notes issued to First National Bank of Denver, as representative of six Denver banks, and of reimbursing its treasury because of income expended for additions and betterments, and for the retirement of debentures, applicant proposes to enter into an agreement with Bank of America National Trust & Savings Association for a loan of \$1,350,000. A copy of the agreement is filed in this proceeding. The loan will be represented by a note bearing interest at the rate of 3% per annum, except as hereinafter stated, and will be payable in installments of \$90,000 on or before July 1, 1942 and \$30,000 on or before the first day of each and every month thereafter until paid. The payment of the note will be secured by the deposit of \$754,000 of applicant's first mortgage 5% bonds, which bonds are now owned by applicant or one of its subsidiaries. The agreement provides that the note shall bear interest at the

rate of 3% per annum, except that if the indebtedness is paid on or before April 1, 1942 or if on April 1, 1942, provision is made for the payment of the indebtedness within thirty days from April 1, 1942, the interest rate shall be 2% per annum.

O R D E R

The Commission having considered applicant's request and it being of the opinion that this is not a matter on which a hearing is necessary; that the money, property or labor to be procured or paid for by California Electric Power Company through the issue of said note for the principal sum of \$1,350,000 is reasonably required by said California Electric Power Company for the purposes herein stated, and that this application should be granted subject to the provisions of this order, therefore,

IT IS HEREBY ORDERED as follows:

1. California Electric Power Company may after the effective date hereof, and on or before March 1, 1942, issue to Bank of America National Trust & Savings Association, its note for the principal sum of \$1,350,000; said note to be issued in conformity with the terms and conditions of the loan and pledge agreement filed in this proceeding on December 23, 1941, which agreement California Electric Power Company is hereby authorized to execute.

2. California Electric Power Company shall use the proceeds realized through the issue of said \$1,350,000 note to pay its indebtedness due First National Bank of Denver, as

representative of six Denver banks, in the amount of \$1,125,000 and to reimburse its treasury because of income expended for additions and betterments and for the retirement of debentures.

3. The authority herein granted will become effective when California Electric Power Company has paid the fee prescribed by Section 57 of the Public Utilities Act, which fee is One Thousand One Hundred and Seventy Five (\$1,175.00) Dollars.

4. Within thirty (30) days after the issue of said \$1,350,000 note, California Electric Power Company shall file with the Railroad Commission a copy of the loan and pledge agreement executed under the authority herein granted, together with a statement showing the purposes for which it expended the proceeds realized through the issue of the \$1,350,000 note.

Dated at San Francisco, California, this 30<sup>th</sup> day of December, 1941.

[Signature]  
[Signature]  
Justin D. Cameron  
Frank R. Havens  
[Signature]  
Commissioners.

