

**ORIGINAL**

Decision No. 42637

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of	)	
	:	
THE CALIFORNIA OREGON POWER COMPANY	)	
	:	Application
for an order authorizing the execution	)	No. 30841
of a Credit Agreement and the issuance	:	
of notes pursuant thereto.	)	
-----	:	

O P I N I O N

This is an application by The California Oregon Power Company for an order authorizing it to execute a credit agreement and to issue promissory notes, under and pursuant to the terms of said agreement, in the aggregate principal amount of not exceeding \$11,000,000.

Applicant reports that during the period from January 1, 1947, to October 31, 1949, its expenditures for net additions to its properties, including expenditures on its Toketee Falls hydro-electric project, and for refunding securities, exceeded by \$1,988,086.27 the par value or principal amount of securities issued. It estimates its net construction expenditures during November and December, 1949, and during the year 1950, at \$11,043,723, segregated as follows:

November and December, 1949		\$ 507,723
Additions and betterments, 1950		
Electric - production	\$ 159,842	
- transmission	1,434,862	
- distribution	2,723,825	
- general	<u>322,255</u>	
Total electric		4,640,784
Water		181,216
Other physical property		(5,000)
Toketee Falls project:		
Toketee Falls hydro plants		902,000
Soda Springs hydro plant		1,809,000
Slide Creek hydro plant		2,963,000
Toketee Falls transmission line		<u>40,000</u>
	Total	<u>\$11,043,723</u>

The three new hydro plants will increase applicant's electric generating capacity by about 69,750 K.W.

In order to replenish its working capital and to reimburse its treasury for expenditures made prior to November 1, 1949, not previously financed through the issue of securities, and to meet in part said estimated construction expenditures, applicant proposes to enter into a credit agreement and to borrow the sum of not exceeding \$11,000,000 from various banks as follows:

The Chase National Bank of the City of New York	\$ 6,000,000
American Trust Company	2,500,000
Harris Trust and Savings Bank	1,500,000
The Commercial National Bank and Trust Company of New York	500,000
First National Bank of Portland	<u>500,000</u>
Total	<u>\$11,000,000</u>

A copy of the credit agreement has been filed in this proceeding as Exhibit C. It provides, among other things, that applicant may borrow said sum of \$11,000,000 at any time, or from time to time, prior to January 1, 1951. The sums borrowed will be evidenced by notes maturing on July 1, 1951. The notes will bear interest, from their respective dates of issue until maturity, at the rate of 2-1/4% per annum, payable quarterly. The notes may be prepaid by applicant at any time, in whole or in part, without premium, unless such prepayment is made directly or indirectly from the proceeds of, or in anticipation of, bank borrowings, in which event such prepayment shall be at a premium computed at the rate of 1-1/2% per annum of the principal so prepaid from the date of prepayment to the date of maturity. The agreement further provides that for the credit available to applicant, it shall pay to said banks on April 1, 1950, for the period commencing with the effective date of the agreement and then expired, and quarterly thereafter, a fee computed at the

rate of 1/4 of 1% per annum on the average daily unused amount of each bank's commitment available during each such period.

The Commission has been advised that no fee or remuneration will be paid for negotiating the loan agreement. The issue of the notes is not subject to the provisions of the Commission's competitive bidding rule.

Applicant reports that the credit agreement is a temporary measure to meet immediate cash requirements and is in anticipation of permanent financing at an early date.

#### O R D E R

The Commission having considered this application and being of the opinion that a hearing thereon is not necessary, that the money, property or labor to be procured or paid for by the issue of the notes herein authorized is reasonably required by The California Oregon Power Company for the purposes herein stated, that such purposes are not, in whole or in part, reasonably chargeable to operating expenses or to income, and that this application should be granted, subject to the provisions of this order; therefore,

IT IS HEREBY ORDERED as follows:

1. The California Oregon Power Company, after the effective date hereof and on or before December 31, 1949, may execute a credit agreement substantially in the form of the agreement on file in this proceeding as Exhibit C and, from time to time, after the effective date hereof and on or before January 1, 1951, may issue and sell notes in the aggregate principal amount of \$11,000,000, under

and pursuant to the terms and provisions of said credit agreement.

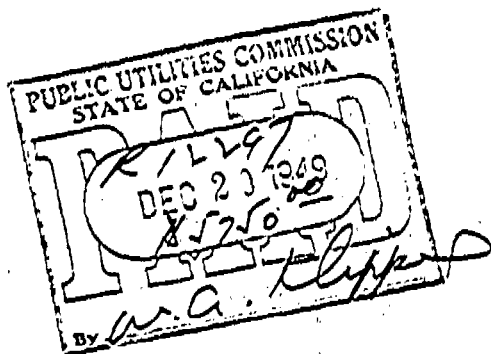
2. The California Oregon Power Company shall use the proceeds obtained from the issue and sale of said notes to finance in part the estimated construction expenditures during November and December, 1949, and during the year 1950, referred to in the preceding opinion, and to reimburse its treasury for expenditures for refunding securities and for additions to its plants and properties, not previously financed, made prior to November 1, 1949.

3. The authority herein granted will become effective when The California Oregon Power Company has paid the fee prescribed by Section 57 of the Public Utilities Act.

4. Within thirty (30) days after the execution of said credit agreement, The California Oregon Power Company shall file with the Commission two (2) copies thereof as executed.

5. Within sixty (60) days after the issue of notes under the authority herein granted, The California Oregon Power Company shall file with the Commission a copy of each note so issued and a statement showing the purposes for which the money obtained through the issue of the notes was expended.

Dated at San Francisco, California, this 20<sup>th</sup> day of December, 1949.



*J. F. [Signature]*  
*Justice F. [Signature]*  
*[Signature]*  
*Harold P. [Signature]*  
*[Signature]*  
Commissioners