

ORIGINAL

Decision No. 44927

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA.

In the Matter of the Application of)	
CALIFORNIA ELECTRIC POWER COMPANY	:	
for Authority under Section 52 of the)	Application
Public Utilities Act to Make Loan	:	No. 31830
Agreement and Issue Notes.)	
-----	:	

OPINION AND ORDER

California Electric Power Company heretofore has advised the Commission that it estimated its expenditures during 1951 and 1952 for capital purposes in the aggregate amount of \$16,900,000, and that it proposed to meet such expenditures from the following sources:

Treasury cash and earnings	\$ 4,100,000
Preferred stock	2,000,000
Bonds	4,000,000
Debentures	2,000,000
Temporary bank loans	<u>4,800,000</u>
Total	<u>\$16,900,000</u>

Under authority granted by Decision No. 44762, dated September 11, 1950, applicant has issued and sold \$2,000,000 of preferred stock and under authority granted by Decision No. 44888, dated October 10, 1950, it has invited, or proposes to invite, bids for the purchase of bonds and debentures in the amounts indicated. It now reports that it intends to obtain additional funds from banks under the terms of a loan agreement with Bank of America National Trust and Savings Association and other banks, (1) and it has asked the Commis-

(1)

The following banks, all of Denver, Colorado, have agreed to participate in the loan to the extent indicated:

The International Trust Company	\$ 250,000
First National Bank	250,000
Denver National Bank	250,000
Colorado National Bank	250,000
United States National Bank	<u>200,000</u>
Total	<u>\$1,200,000</u>

sion at this time to make an order approving the execution of such agreement.

The proposed loan agreement provides for a revolving credit of \$8,000,000 up to August 31, 1952, and thereafter and prior to August 31, 1953, a revolving credit of \$6,000,000. Each borrowing will be evidenced by a promissory note or notes bearing interest at a rate equivalent to $\frac{3}{4}$ of 1% per annum in excess of the New York discount rate for banks which are members of the Federal Reserve System for 90-day commercial paper, as published by the Federal Reserve Bank of New York, in effect on the date of each borrowing, but subject to the condition that such rate of interest shall not at any time be less than $2\frac{1}{4}\%$ per annum nor more than $2\frac{3}{4}\%$ per annum. Each note shall be dated as of the date of its delivery and shall mature and become payable prior to 12 months from its date, provided that applicant shall have the right at its option to renew any such note or notes at maturity for an additional period less than 12 months, and provided further that the final maturity date of any note or renewal note shall be on or before August 31, 1953. Upon the sale by applicant of any first mortgage bonds, debentures or capital stock, subsequent to the date of any such note or notes, the proceeds from such sale shall be applied on account of such outstanding note or notes in the order of their seniority.

The agreement further provides that applicant will pay as a commitment fee $\frac{1}{4}$ of 1% per annum of the principal amount of the maximum credit at any time available but not then borrowed, provided that up to August 31, 1952, such credit shall be computed on the basis of \$8,000,000 and from and after August 31, 1952, on the basis of \$6,000,000, unless the maximum credit available shall have been reduced.

Thus, under the terms of the agreement, applicant may issue notes and renewal notes extending over a period of more than 12 months and accordingly it appears that the execution of the loan agreement is one step in the process of incurring indebtedness requiring the Commission's authorization. Applicant reports that if it is successful in disposing of its bonds and debentures it may not be necessary for it to draw down funds under the agreement in the immediate future but that it will be required to do so at a later date, at which time, or times, it will file supplemental applications in this proceeding for such additional authority to issue notes as may be required.

The Commission has considered this matter and is of the opinion that applicant will have need for the proceeds to be provided by said loan agreement and that its request accordingly should be granted; therefore,

IT IS HEREBY ORDERED that California Electric Power Company may execute the loan agreement referred to in this application.

IT IS HEREBY FURTHER ORDERED that the authority herein granted is effective upon the date hereof.

Dated at Los Angeles, California, this 24th day of October, 1950.

B. F. Dwyer
Justus F. Green
Walter R. Kneale
Harold H. Kline
Penelope L. Lott
 Commissioners