

Decision No. 45692**ORIGINAL**

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of	)	
THE CALIFORNIA OREGON POWER COMPANY	)	
for an order authorizing the execution	)	Application
of a Credit Agreement and the issuance	)	No. 32354
of notes pursuant thereto.	)	
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O P I N I O N

The California Oregon Power Company has filed this application for authority to execute a credit agreement and to issue \$12,000,000 of notes for the purpose of providing funds for its construction program.

Information on file with the Commission shows that applicant has been engaged in making extensive additions to its utility plant in order to meet increasing demands for service. In its annual reports for the last five years it sets forth, among other things, the following data indicating the increase in its investment in electric facilities and in its operations:

	<u>Net Increase in Electric Plant</u>	<u>Electric Operating Revenues</u>	<u>Electric Operating Income</u>	<u>Number of Customers Dec. 31</u>
1946	\$ 385,015	\$ 6,547,190	\$1,832,749	10,879
1947	3,275,991	7,218,295	2,040,938	12,370
1948	6,341,572	8,507,932	2,412,122	17,841
1949	9,337,986	9,270,277	2,502,164	19,279
1950	9,649,203	10,699,081	2,772,195	21,427

During the five-year period, its reported investment in its electric plant has increased from \$35,510,607 to \$64,500,374.

Applicant reports that its construction program calls for the expenditure of \$5,974,000 during the last seven months of 1951,

of \$7,002,000 during 1952 and of \$6,361,000 during the first half of 1953, a total of \$19,337,000, as follows:

	June 1-Dec.31 1951	1952	Jan.1-Jul.1 1953
	\$	\$	\$
Additions and betterments, exclusive of North Umpqua projects -			
Generating stations	144,000	161,000	81,000
Transmission	743,000	951,000	475,000
Distribution	1,748,000	2,295,000	1,147,000
General	142,000	195,000	98,000
North Umpqua projects -			
Soda Springs plant	1,318,000	-	-
Fish Creek plant	1,529,000	-	-
Clearwater plant	250,000	2,500,000	3,426,000
Lemola plant	-	-	1,134,000
Soda Springs to Dixonville trans- mission line	100,000	900,000	-
Totals	<u>\$5,974,000</u>	<u>\$7,002,000</u>	<u>\$6,361,000</u>

In addition, applicant estimates it will have construction expenditures in the amount of \$2,624,457 at June 1, 1951, for which its treasury will not have been reimbursed through the issue of securities.

It appears that applicant, pending permanent financing and in order to meet in part its construction requirements, proposes to execute a credit agreement with The Chase National Bank of the City of New York, American Trust Company, Harris Trust and Savings Bank, The Commercial National Bank and Trust Company of New York and First National Bank of Portland, under which agreement said banks will provide it with a credit of \$12,000,000 available until December 31, 1952, the amounts to be drawn down to be represented by promissory notes payable June 30, 1953, with interest at the rate of 2-7/8% per annum from the respective dates of such notes until maturity. The credit does not become available until applicant's presently outstanding notes, in the amount of \$11,000,000, are paid. (1)

(1) Applicant is endeavoring to make provision for the payment of said notes through the issue of bonds and stock covered by its Application No. 32328.

The application shows that no fee or remuneration has been or will be paid for negotiating the credit agreement. It appears, therefore, that the proposed issue of notes is not subject to the provisions of the Commission's competitive bidding rule.

O R D E R

The Commission having considered the above entitled matter, and being of the opinion that a public hearing thereon is not necessary; that the application should be granted, as herein provided; that the money, property or labor to be procured or paid for through the issue of the notes herein authorized is reasonably required by applicant for the purposes specified herein; and that such purposes are not, in whole or in part, reasonably chargeable to operating expenses or to income; therefore,

IT IS HEREBY ORDERED as follows:

1. The California Oregon Power Company, after the effective date hereof, may execute a credit agreement in, or substantially in, the same form as that filed in this proceeding as Exhibit B, and, after the effective date hereof and on or before December 31, 1952, may issue, pursuant to the terms of said agreement, its notes in an aggregate amount not to exceed \$12,000,000 for the purpose of reimbursing its treasury and of financing the cost of additions to its plants and facilities.

2. Within thirty (30) days after the execution of said credit agreement, The California Oregon Power Company shall file two (2) copies of the same with the Commission. Within thirty (30) days after the issue of each note under the authority herein granted

it shall file a copy with the Commission, and a statement showing in general the purposes for which the proceeds were used.

3. 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 six thousand (\$6,000.00) dollars.

Dated at San Francisco, California, this 15<sup>th</sup> day of May 1951.

R. T. Anderson  
Justus F. Green  
Harold F. Kule  
John E. Marshall

Commissioners

