

**ORIGINAL**

Decision No. 47684

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. 33707
of notes pursuant thereto.	)	
-----	)	

O P I N I O N

In this application the Commission is asked to make an order authorizing The California Oregon Power Company to execute a credit agreement and to issue notes, pursuant to the terms of said agreement, in the aggregate amount of not exceeding \$14,000,000.

It appears that it has been applicant's practice, as it proceeds with its construction work, to engage in temporary short-term financing and periodically to refinance itself through the issue of permanent securities consisting of mortgage bonds and shares of common stock. As of July 31, 1952, it had outstanding \$12,000,000 of 2-7/8% notes, issued during 1951 and 1952 under a credit agreement dated May 16, 1951, which it now proposes to pay with the proceeds from the sale of bonds and stock.<sup>(1)</sup> It has issued or expects to issue, an additional \$2,000,000 of such notes during August and September.

(1)  
In Application No. 33670, applicant is seeking authorization to issue and sell \$5,000,000 par value of its common stock and \$7,000,000 of bonds to obtain funds to pay the \$12,000,000 of notes.

Applicant now reports that it has made, or is making, arrangements to borrow up to \$14,000,000 under the terms of a new credit agreement with a group of banks in order to pay the remaining \$2,000,000 of notes issued, or to be issued, under the 1951 credit agreement and to provide temporary financing for its capital requirements. The sums to be thus borrowed will be represented by notes payable April 1, 1954, with interest at the rate of 3-1/4% per annum.

In support of its request, applicant reports that demands for service make necessary the continuing construction of new generating, transmission and distribution facilities. In 1950 it added 4,744 new customers to its lines and in 1951, 3,571, and it estimates it will add 3,500 during 1952. Its estimated expenditures during the twelve months ending October 1, 1953, are reported as follows:

	Oct.1-Dec.31, 1952	Jan.1-Oct.1 1953	Total
Clearwater hydro plant	\$2,244,000	\$ 3,174,000	\$ 5,418,000
Lemolo hydro plant	50,000	3,108,000	3,158,000
Soda Springs-Dixonville transmission line	-	315,000	315,000
Other generating stations	83,000	218,000	301,000
Transmission lines and substations	591,000	1,567,000	2,158,000
Distribution facilities	971,000	2,571,000	3,542,000
General	150,000	399,000	549,000
<b>Total</b>	<b>\$4,089,000</b>	<b>\$11,352,000</b>	<b>\$15,441,000</b>

It clearly appears that applicant will have need for additional funds for the purposes set forth in its application. An order will be entered granting its requests.

#### O R D E R

The Commission having considered the above entitled matter, and being of the opinion that a public hearing is not

necessary; that the application should be granted, as herein provided; that the money, property or labor to be procured or paid for by 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 C, and on or before October 1, 1953, pursuant to the terms of said agreement, may issue its notes in an aggregate amount not to exceed \$14,000,000 for the purposes set forth in its application.

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 1904(b) of

the Public Utilities Code, which fee is six thousand five hundred (\$6,500.00) dollars.

Dated at San Francisco, California, this 16<sup>th</sup> day of September, 1952.

*A. J. [Signature]*  
President

*Frederic P. [Signature]*  
*Harold [Signature]*

*[Signature]*  
*[Signature]*

Commissioners

