

**ORIGINAL**

Decision No. 49669

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. 35123
of notes pursuant thereto.	)	
-----	)	

O P I N I O N

In this application The California Oregon Power Company reports that it proposes to enter into a credit agreement with The Chase National Bank of the City of New York and three other banks whereby said banks will provide applicant with a credit of \$23,000,000, available until December 1, 1956. At this time applicant seeks an order of the Commission authorizing it to execute the credit agreement and to issue its promissory notes, pursuant to the terms of the agreement, in the aggregate principal amount of not to exceed \$23,000,000.

Under the terms of the proposed agreement the banks, at any time or from time to time up to December 1, 1956, will make loans to applicant up to an aggregate amount of \$23,000,000. Such loans are to be evidenced by promissory notes payable on October 1, 1957, with interest at the rate of 3-1/2% per annum. Under the terms of the agreement applicant will pay to the banks a commitment fee computed on the daily average unused amount of the credit at the rate of 1/2 of 1% per annum. No fee or remuneration has been or will be paid for the negotiation of the proposed agreement.

The purpose of the financing outlined in this proceeding is to provide applicant with temporary funds, pending further permanent financing, to refund approximately \$3,500,000 of notes issued under an earlier credit agreement approved by the Commission and to enable it to meet construction costs. Applicant reports that there is a continued growth in the public requirements for service in its territory as well as for improvements to existing service, that during 1952 there were 2,994 new customers added to its lines, during 1953, 2,618, and that it is thought 2,500 additional ones will be added during 1954. Applicant's estimate of its total net construction expenditures for the next three years is approximately \$31,400,000, segregated as follows:

	1954 <u>Mar.-Dec.</u>	<u>1955</u>	<u>1956</u>
Generating stations	\$ 61,000	\$ 104,000	\$ 97,000
Transmission	3,775,000	1,455,000	1,350,000
Distribution	1,615,000	2,732,000	2,535,000
General	165,000	277,000	258,000
Lemolo Plant No. 1	5,103,000	1,644,000	-
Lemolo Plant No. 2	-	3,856,000	5,728,000
Totals	<u>\$10,719,000</u>	<u>\$10,068,000</u>	<u>\$9,968,000</u>

Since 1947, applicant has been engaged in constructing eight hydroelectric plants in the North Umpqua Project area. To date it has completed six plants and is going forward with its plans to complete the two remaining plants, which are designated as Lemolo Plant No. 1 and Lemolo Plant No. 2. The No. 1 plant is expected to be placed in operation in September, 1955, and the No. 2 plant in November, 1956. When completed, the two plants, according to applicant's estimates, will have cost \$9,278,000 for the No. 1 plant and \$10,639,000 for the No. 2 plant, and will make available operating capacities of 29,000 and 33,000 KW, respectively.

The Commission's records indicate that it has been applicant's practice to meet its construction requirements temporarily

with bank loans made under credit agreements and, from time to time, to issue bonds and shares of stock to refinance itself. Presently, applicant is undertaking to sell \$10,000,000 in principal amount of bonds and \$6000,000 aggregate par value of shares of common stock to liquidate outstanding bank loans. It is expected that if the present application is granted applicant hereafter will issue permanent securities to take up the notes covered by the proposed credit agreement. From a review of the application it appears that it has need for temporary financing at this time and accordingly we will enter an order granting its request.

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 execution of the credit agreement and 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 may execute a credit agreement, on or before June 30, 1954, in, or substantially in, the same form as that filed in this proceeding.
2. The California Oregon Power Company may issue its notes, from time to time on or before December 1, 1956, pursuant to the terms of said agreement, in an aggregate principal amount of not

to exceed \$23,000,000, and use the proceeds for the purposes set forth in this application.

3. Within 30 days after the execution of said credit agreement, The California Oregon Power Company shall file two copies of the same with the Commission. Within 30 days after the issue of each note under the authorization herein granted, it shall file a report with the Commission showing the date of issue of said note, the name of the payee and the amount, together with a statement showing, in general, the purposes for which the issue was made.

4. The authority herein granted will become effective when The California Oregon Power Company has paid the fee prescribed by Section 1904(b) of the Public Utilities Code.

Dated at San Francisco, California, this 16th day of February, 1954.

R. E. [Signature]  
President

Justus D. Caswell

[Signature]

[Signature]  
Commissioners

