

**ORIGINAL**

Decision No. 52883

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. 37905
of notes pursuant thereto.	)	
-----	)	

O P I N I O N

This is an application for an order of the Commission authorizing The California Oregon Power Company to execute a credit agreement with The Chase Manhattan Bank and four other banks and to issue its promissory notes in the aggregate principal amount of not to exceed \$16,000,000 for the purpose of temporarily financing construction costs.

According to the proposed agreement, the banks, at any time or from time to time up to October 1, 1958, will lend applicant up to an aggregate amount of \$16,000,000, to be evidenced by promissory notes payable on July 1, 1959, with interest of 3-1/2% per annum until December 31, 1956, and thereafter at a rate per annum of 1/4 of 1% above the prime commercial rate of The Chase Manhattan Bank from time to time in effect. Applicant will pay the banks a commitment fee computed on the daily average unused amount of the credit at the rate of 1/4 of 1% per annum, but has not paid and will not pay any fee or remuneration for the negotiation of the proposed agreement.

Applicant reports that there is a continuing demand for service in its territory as well as for improvements to existing

service, that during 1954 2,800 new customers were added to its lines and during 1955, 2,906, and that it is thought 3,000 additional ones will be added during 1956. Applicant's estimate of its total net construction expenditures for the 29 months ending October 1, 1958, is approximately \$27,465,000, segregated as follows:

	<u>1956</u> <u>May-Dec.</u>	<u>1957</u>	<u>1958</u> <u>Jan.-Sept.</u>
Generalizing stations	\$ 260,000	\$ 415,000	\$ 327,000
Transmission lines and substations	1,035,000	1,650,000	1,300,000
Distribution lines and substations	1,721,000	2,740,000	2,160,000
General	209,000	333,000	262,000
North Umpqua Project	4,553,000	1,000,000	
Klamath River Development		<u>5,000,000</u>	<u>4,500,000</u>
Totals	<u>\$7,778,000</u>	<u>\$11,138,000</u>	<u>\$8,549,000</u>

From a review of the application it clearly appears that applicant has need at this time for temporary financing to enable it to proceed with its construction program. Accordingly, we shall enter an order granting its request.

The approval herein indicated is for the issue of securities only and is not to be construed as indicative of amounts to be included in a future rate base for the purpose of determining just and reasonable rates.

#### ORDER

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 purpose specified herein, and that such purpose is 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, on and after the effective date hereof and on or before July 31, 1956, may execute a credit agreement in, or substantially in, the same form as that filed in this proceeding.

2. The California Oregon Power Company, on and after the effective date hereof and on or before October 1, 1958, may issue its notes pursuant to the terms of said agreement, in an aggregate principal amount of not to exceed \$16,000,000, and use the proceeds for the purpose set forth in this application.

3. Within 30 days after the execution of said credit agreement, The California Oregon Power Company shall file three 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 purpose for which the issue was made.

4. The authority herein granted will become effective when The California Oregon Power Company has paid the fee pre-

scribed by Section 1904(b) of the Public Utilities Code, which fee is \$7,000.

Dated at San Francisco, California, this 17<sup>th</sup> day of April, 1956.

John E. Mitchell  
President

Justus J. Casner  
Rachel L. Linterman

Thomas D. Hokey  
R. H. ...  
Commissioners

