

**ORIGINAL**Decision No. 54388

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of  
 DESERT ELECTRIC COOPERATIVE, INC.,  
 for authority to execute amending  
 loan contract, issue evidence of  
 indebtedness and mortgage of realty  
 and chattels.

Application No. 38530

O P I N I O N

The Desert Electric Cooperative, Inc., now conducts operations as a nonprofit electrical corporation under a certificate of public convenience and necessity issued by this Commission. These operations are conducted in the area in and around Twentynine Palms, San Bernardino County, California.

It presently desires to obtain capital with which to construct certain distribution lines, and for this purpose proposes to obtain funds from the Rural Electrification Administration of the United States Department of Agriculture. It proposes to execute a promissory note in the amount of \$332,000, bearing interest at the rate of two percent per annum, and as surety therefor to execute a mortgage on its realty and chattels. The proposed form of note and the proposed form of mortgage are attached to the application. Both of these documents will be executed in favor of the United States of America.

Decision No. 52526, dated January 31, 1956, in Application No. 37250.

The customers of applicant are almost entirely home owners. It was originally contemplated that there would be 672 such consumers, but now there will be 897 due to growth in the area. Accordingly it has become necessary to construct 299 miles of line rather than 182, as originally contemplated.

The application sets out a financial statement showing how the funds so acquired will be used.

A consideration of this matter leads us to find that the proposed loan, with its resultant promissory note and mortgage, will not be adverse to the public interest. Accordingly it will be approved.

O R D E R

Application as above entitled having been filed, the Commission being fully advised in the premises and hereby finding it to be not adverse to the public interest,

IT IS ORDERED:

(1) That Desert Electric Cooperative, Inc., is hereby authorized to issue its promissory note, or notes, for \$332,000, and to execute a loan contract and a mortgage on realty and chattels, such documents to be in the form and manner set forth in the application herein, and to use the proceeds from the issue of said note, or notes, for the purposes set forth in this application, it being the opinion of the Commission that the money, property or labor to be procured or paid for by such issue is reasonably required for said purposes and that such purposes are not, in whole or in part, reasonably chargeable to operating expenses or to income.

(2) That if the foregoing transaction is not completed within six months after the effective date hereof, the authority

herein granted shall terminate unless otherwise extended by this Commission.

(3) That Desert Electric Cooperative, Inc., shall file a report, or reports, as required by General Order No. 24-A, which order, insofar as applicable, is made a part of this order.

(4) That the authority herein granted will become effective when Desert Electric Cooperative, Inc., has paid the fee prescribed by Section 1904(b) of the Public Utilities Code, which fee is \$332.

Dated at San Francisco, California, this 15<sup>th</sup> day of JANUARY 1957.

*John E. Mitchell* President  
*Ray W. Krenner*  
*H. K. ...*  
*E. ...*

Commissioners

