

Decision No. 55189

ORIGINAL

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of)
 ANZA ELECTRIC COOPERATIVE, INC.,)
 for Authority to Execute Agreement) Application No. 39078
 between the United States of America)
 and the Anza Electric Cooperative,)
 Inc.)
 -----)

In the Matter of the Application of)
 ANZA ELECTRIC COOPERATIVE, INC.,)
 for Authority to Execute Loan Contract,) Application No. 39141
 between the United States of America)
 and the Anza Electric Cooperative,)
 Inc., a Mortgage Note and Mortgage of)
 Realty and Chattels by the Anza Electric)
 Cooperative, Inc., in favor of the)
 United States of America)
 -----)

O P I N I O N

In Application No. 39078 Anza Electric Cooperative, Inc., seeks authorization to execute an agreement amending its existing mortgage note to the United States of America.

In Application No. 39141 Anza Electric Cooperative, Inc., seeks authorization to execute a loan agreement with the United States of America, increasing its authorized borrowing by the sum of \$118,000, and to execute a mortgage note and supplemental mortgage.

Under authorization granted by Decision No. 47983, dated December 2, 1952, applicant entered into a loan agreement with the government to obtain Rural Electrification Administration funds, originally in the agreed amount of \$750,000 but subsequently reduced to \$550,000, for the purpose of financing the cost of constructing

an electric transmission and distribution system to serve its members. The sums to be thus borrowed were to be represented by a note, or notes, payable 35 years after date of issue, with interest at the rate of two per cent per annum. The agreed terms provided for deferring the payment of interest for the first five years from March 21, 1952 and for accumulating such deferred interest for repayment over the remaining life of the indebtedness.

The company now has made arrangements to extend the time of payment of indebtedness and to extend the period of accumulation of interest to a date five years after March 22, 1957, and, subject to receiving authorization from the Commission, it proposes to execute an agreement amending the original indenture so as to make provision for the extensions of time. A copy of the proposed agreement is filed as Exhibit B in Application No. 39078.

In addition, the company proposes to extend its lines to reach additional consumers for whom no provision was made in the original plans. These original plans, as adjusted, contemplated the installation of 146 miles of lines to serve 279 customers. Now, however, applicant proposes to construct an additional 18 miles of lines at an estimated cost of \$118,000 to reach 190 more consumers and it has arranged, again subject to receiving authorization from the Commission, to execute a new loan agreement with the United States of America to increase the authorized borrowing of \$550,000 to \$668,000, the additional borrowing to be represented by a two per cent, 35-year note, or notes, similar in form to the existing notes. A copy of the proposed loan agreement has been filed in Application No. 39141 as Exhibit B, a copy of the proposed mortgage note as Exhibit C, and a copy of a supplemental mortgage as Exhibit D.

The Commission has given consideration to these applications and is of the opinion that a public hearing is not necessary, that the money, property or labor to be procured or paid for by the issue of the note, or notes, herein authorized is reasonably required for the purposes specified herein and that such purposes are not, in whole or in part, reasonably chargeable to operating expenses or to income.

The authorization herein granted is for the issue of notes and the execution of certain instruments 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 matters and being of the opinion that they should be granted; therefore,

IT IS HEREBY ORDERED as follows:

1. Anza Electric Cooperative, Inc., may execute an agreement with the United States of America dated as of March 22, 1957, in, or substantially in, the same form as the agreement filed as Exhibit B in Application No. 39078.

2. Anza Electric Cooperative, Inc., may execute a loan contract with the United States of America, a note, or notes, in the principal amount of not exceeding \$118,000, and a supplemental mortgage for the purposes set forth in Application No. 39141, said loan agreement, note, or notes, and supplemental mortgage, to be in, or substantially in, the same form as those filed as Exhibits B, C, and D, respectively, in said Application No. 39141.

3. Anza Electric Cooperative, Inc., shall file with the Commission 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. The authority herein granted will become effective when Anza Electric Cooperative, Inc., has paid the fee prescribed by Section 1904(b) of the Public Utilities Code, which fee is \$118.

Dated at San Francisco, California, this 2nd day of July, 1957.

[Signature]
President
[Signature]
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Commissioners

PUBLIC UTILITIES COMMISSION
STATE OF CALIFORNIA
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By [Signature]