

ORIGINAL

Decision No. 55281

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of
MOUNTAIN EMPIRE ELECTRIC COOPERATIVE,
INC., a Corporation, for Authority
to Borrow Money and Secure Its
Repayment by Mortgage.

Application No. 39167

OPINION AND ORDER

Mountain Empire Electric Cooperative, Inc., applicant herein, is a nonprofit cooperative operating in San Diego County. It has financed itself primarily with R. E. A. funds and in this application it reports that it has found it necessary to increase its borrowings and it seeks authorization to execute an amendment to its loan contract with the United States of America, to issue a mortgage note in the principal amount of \$96,500 and to execute a supplemental mortgage of realty and chattels.

Applicant purchases its electric energy requirements from San Diego Gas & Electric Company, taking delivery at its Glencliff Substation which is located at the northwesterly border of its system. From this point, the whole of its area is served resulting, it is asserted, in excessive losses and high operating costs. Applicant reports that its studies disclose that for effective operation two more substations are required, together with other facilities consisting of a new step-up substation at Glencliff and 27 miles of interconnecting 69 kv transmission lines.

It appears that a portion of the estimated costs of these improvements is available from present loans but that the company is required to borrow an additional \$96,500 to complete the cost of the facilities. The government has agreed to advance the money under the same terms as the original indebtedness. These terms provide for payment over a period of 35 years with interest at the rate of 2 per cent per annum.

The Commission has given consideration to this application 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 a note for \$96,500 herein authorized is reasonably required by applicant corporation for the purposes specified herein and that such purposes are not, in whole or in part, reasonably chargeable to operating expenses or to income and that the application should be granted; therefore,

IT IS HEREBY ORDERED as follows:

1. Mountain Empire Electric Cooperative, Inc., may execute an amendment to its loan contract with the United States of America, may issue a note in the principal amount of \$96,500 and may execute a supplemental mortgage of realty and chattels for the purposes set forth in this application, such documents to be in, or substantially in, the same form as those filed in this proceeding as Exhibits C, D and E.

2. Mountain Empire 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.

3. The authority herein granted will become effective when Mountain Empire Electric Cooperative, Inc., has paid the fee prescribed by Section 1904(b) of the Public Utilities Code, which fee is \$97.

Dated at San Francisco, California, this 22nd day of July, 1957.

President
Robert L. ...

William D. ...

R. ...

C. L. ...
Commissioners

