

ORIGINAL

Decision No. 55732

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 of a Credit Agreement
and the issuance of notes pursuant
thereto.

Application No. 39453

OPINION AND ORDER

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 \$12,000,000 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 November 1, 1959, shall make loans to applicant up to an aggregate amount of \$12,000,000, to be evidenced by promissory notes payable on May 1, 1960, with interest at the rate of 1/4 of one per cent 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 1/2 of one per cent 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, and it estimates that during the period from October 1, 1957 to November 1, 1959, when the commitment period under the proposed new credit agreement terminates, its net expenditures for plant will aggregate \$19,831,000. The estimated amount includes \$7,955,000 for the development of hydroelectric resources of the upper Klamath River area and for a hydroelectric plant at Big Bend on the Klamath River, construction on which was begun last year, and \$11,876,000 on local system construction of transmission, distribution and other facilities.

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. We are of the opinion that a public hearing is not necessary in this proceeding, 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 December 31, 1957, may execute a credit agreement in, or substantially in, the same form as that filed in this proceeding as Exhibit C.

2. The California Oregon Power Company, on and after the effective date hereof and on or before November 1, 1959, may issue its notes pursuant to the terms of said agreement, in an aggregate principal amount of not to exceed \$12,000,000, 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 authorization herein granted is for the execution of an agreement and the issue of notes 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.

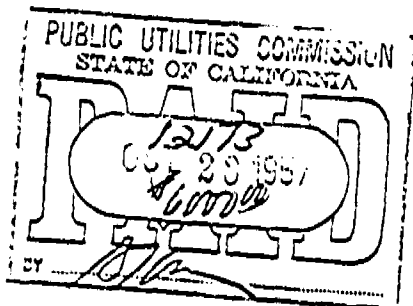
5. The authority herein granted will become effective when The California Oregon Power Company has paid the fee prescribed by Section 1904(b) of the Public Utilities Code, which fee is \$6,000.

Dated at San Francisco, California, this 27th day of October, 1957.

Walter J. Gable

President
R. H. ...

E. Lynn Fox



Commissioners