

ORIGINAL

Decision No. 55733

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of
CALIFORNIA ELECTRIC POWER COMPANY
for Authority to Refund Certain
Obligations to Bank of America
National Trust and Savings
Association by Issuing Short-
Term Promissory Notes.

)
Application No. 39455

OPINION AND ORDER

In this application the Commission is asked to make an order authorizing California Electric Power Company to issue notes in the aggregate principal amount of not exceeding \$4,500,000 for the purpose of refunding outstanding indebtedness.

The application shows that on October 5, 1956, the company entered into a loan agreement with the Bank of America National Trust and Savings Association providing for a revolving line of credit of \$12,000,000 from October 31, 1956 to October 31, 1957, and that on September 10 of this year, it had outstanding notes, pursuant to the terms of such loan agreement, in the total amount of \$8,750,000. The application further shows that applicant made provision for the payment of a portion of the outstanding notes through the issue of \$7,000,000 of cumulative preferred stock recently authorized by the Commission, but that it is contemplating proceeding with additional borrowings during October.

No authorization was obtained from this Commission for the issue of the notes because each note, by its terms, matured in less than 12 months from the date of issue and no note has been renewed.

However, on August 30, 1957, applicant entered into a new loan agreement with the bank providing for a revolving line of credit of \$15,000,000 running from October 31, 1957 to October 31, 1958, by the terms of which applicant will be required, among other things, to refund all notes outstanding on October 31 of this year which were issued under the loan agreement previously executed and now in effect. Accordingly, applicant seeks permission to issue renewal notes up to \$4,500,000 to meet this refunding obligation. The new notes will be payable not more than 12 months after date of issue and will bear interest at a rate which shall be equal at all times to the bank's prime rate as determined for 90-day to 180-day prime commercial loans.

The Commission has considered this matter and is of the opinion that a public hearing is not necessary in this proceeding, that the money, property or labor to be procured or paid for by the issue of the notes herein authorized is reasonably required by applicant for the purpose specified herein, that such purpose is 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. California Electric Power Company may issue its promissory notes, under the loan agreement with the Bank of America National Trust and Savings Association dated August 30, 1957, in the aggregate principal amount of not exceeding \$4,500,000 for the purpose of refunding unpaid notes issued under the previous loan agreement dated October 5, 1956.

2. California Electric Power Company 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 authorization herein granted is for 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.

4. The authority herein granted will become effective when California Electric Power Company has paid the fee prescribed by Section 1904(b) of the Public Utilities Code, which fee is \$2,750.

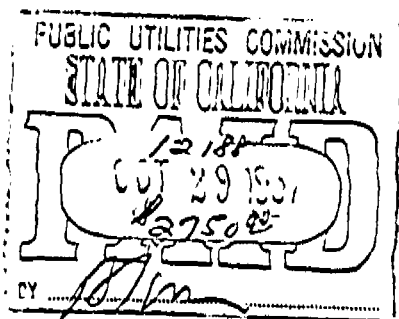
Dated at San Francisco, California, this 28th day of October, 1957.

Mark A. ...
 President

R. ...

E. ...

Commissioners



Peter E. Mitchell
 Commissioner Ray E. Untereiner, being necessarily absent, did not participate in the disposition of this proceeding.