

ORIGINAL

Decision No. 55806

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application
of
DESERT ELECTRIC COOPERATIVE, INC.,
A California Corporation

for Authority to Execute Loan
Contract, between the United
States of America and the Desert
Electric Cooperative, Inc., a
Mortgage Note and Mortgage of
Realty and Chattels by the Desert
Electric Cooperative, Inc., in
favor of the United States of
America.

Application No. 39508

OPINION AND ORDER

Desert Electric Cooperative, Inc., applicant herein, is a nonprofit cooperative corporation engaged in the business of serving its members with electricity in and around Twentynine Palms, California. It has financed itself primarily with R.E.A. funds, now in the amount of \$932,000, and, finding it necessary to increase its borrowings, now seeks authorization to execute a supplemental mortgage of realty and chattels and to issue a mortgage note in the additional principal amount of \$326,000.

The purposes for which applicant intends to expend the \$326,000 of note proceeds are set forth in its master budget of proposed expenditures, a copy of which is attached to the application as Exhibit E. Such expenditures will result in improving and enlarging its distribution system by approximately 60 miles, and bringing

service to an estimated 300 additional consumers. The additional borrowing of \$326,000 will be represented by a note payable over a period of 35 years with interest at the rate of two 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 \$326,000 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. Desert Electric Cooperative, Inc., may issue a mortgage note in the principal amount of not exceeding \$326,000, may execute an amendment to its loan contract with the United States of America, 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, B, and D, respectively.

2. The authorization herein granted is for the issuance of a note 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.

3. Desert 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 Desert Electric Cooperative, Inc., has paid the fee prescribed by Section 1904(b) of the Public Utilities Code, which fee is \$326.

Dated at San Francisco, California, this 12th day of November, 1957.

John E. ... President
...
...
R. ...
E. ... Commissioners

