

ORIGINAL

Decision No. 59715

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 Amending
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. 41911

OPINION AND ORDER

This is an application, filed on February 2, 1960, for an order of the Commission authorizing Desert Electric Cooperative, Inc., to enter into a loan contract, and to issue a \$100,000 note pursuant thereto, for the purpose of financing electric wiring or the acquisition and installation of electrical pumping, and plumbing appliances and equipment of its members.

Applicant is a nonprofit cooperative corporation organized to supply electricity to its members in and around Twentynine Palms. It has financed itself primarily with funds obtained through R.E.A. borrowings and heretofore has been authorized by the Commission to issue notes in the aggregate amount of \$1,882,000. It now proposes to execute an installation loan contract with the United States of America, acting

through the Administrator of the Rural Electrification Administration, and to issue an installation note for the purpose of financing the following:

- (a) The wiring of premises in rural areas which it either serves or expects to serve;
- (b) The acquisition of electrical pumping and plumbing appliances and equipment by its consumers for installation in such premises; and
- (c) The installation of such appliances and equipment in such premises.

The borrowing will be represented by a \$100,000 note payable five years after its date, with interest at the rate of two per cent per annum payable annually. Under the terms of the installation loan contract, the company will purchase the consumers' obligations from the dealers. In effect, applicant will loan the note proceeds to its member consumers to enable them to make the acquisitions and installations. It appears that the funds to be obtained through the issuance of such note will enable applicant to be of greater service to its members, and also will result in the development of a substantially larger market for the sale of its electricity.

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 the note 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; therefore,

IT IS HEREBY ORDERED as follows:

1. Desert Electric Cooperative, Inc., may execute an installation loan contract with the United States of America, acting through the Administrator of the Rural Electrification Administration, and may issue its installation note in the principal amount of not to exceed \$100,000, as defined in said contract and for the purposes set forth therein, said contract and note to be in, or substantially in, the same form as those filed in this proceeding as Exhibit C and Exhibit D, respectively.

2. The authorization herein granted is for the execution of an installation loan contract and for the issue of an installation note 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. This opinion and order 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 \$100.

Dated at San Francisco, California,
this 29th day of FEBRUARY, 1960.

President

[Handwritten Signature]

[Handwritten Signature]

[Handwritten Signature]

[Handwritten Signature]
Commissioners

