

ORIGINAL

Decision No. 59941

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. 42081

OPINION AND ORDER

Desert Electric Cooperative, Inc., applicant herein, is a nonprofit cooperative corporation organized to supply electricity to its members in and around Twentynine Palms. It has financed itself primarily with Rural Electrification Administration funds and heretofore has been authorized by the Commission to issue notes in the aggregate amount of \$1,982,000. On March 24, 1960, the cooperative filed this application in which it sets forth the necessity of increasing its borrowings so as to develop its plant further. In order to obtain the required funds, applicant now seeks authorization to amend a previously authorized and executed amending loan contract, and to issue a mortgage note in the principal amount of \$502,000.

The purposes for which applicant intends to expend the \$602,000 of new money are set forth in its loan budget, a copy of which is filed in this proceeding as a portion of Exhibit 5. Such budget shows proposed expenditures which contemplate the addition of 119 miles of new pole lines and the serving of 500 additional consumers. The proposed borrowing of \$602,000 will be represented by a note payable over a period of 35 years, with interest at the rate of 2% per annum on the unpaid balance.

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 amendment to its amending loan contract with the United States of America, and may issue its mortgage note in the principal amount of not to exceed \$602,000 for the purposes set forth herein, said amendment and mortgage note to be in, or substantially in, the same form as those filed in this proceeding as Exhibit 3 and Exhibit 4, respectively.

2. The authorization herein granted is for the execution of an amendment to an amending loan contract, and for the issue of a 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 \$602.

Dated at San Francisco, California,
this 19th day of April, 1960.

Lawrence H. ...
President

E. M. ...

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Theodore Jenner
Commissioners

