

ORIGINAL

Decision No. 60917

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of)
PLUMAS-SIERRA RURAL ELECTRIC)
CO-OPERATIVE, a corporation, for an)
order authorizing said corporation,)
after issuance and execution of)
evidences of indebtedness and amend-)
ment to amending loan contract, to)
borrow from the United States of)
America.)

Application No. 42432

Stanley C. Young, for applicant.
Mrs. Annie F. Peachee, for City of Susanville,
interested party.
Orrick, Dahlquist, Herrington & Sutcliffe, by
Warren A. Palmer, for California-Pacific
Utilities Company, protestant.
Sidney J. Webb, for the Commission staff.

OPINION AND ORDER

By this application, filed July 1, 1960, Plumas-Sierra Rural Electric Co-operative seeks an order authorizing it to execute an amendment to its loan contract with the United States of America and to issue a mortgage note in the principal amount of \$722,000.

Applicant is a non-profit membership corporation engaged in providing electric public utility service in the Counties of Plumas, Lassen and Sierra in California, and in a portion of the County of Washoe in Nevada.

Public hearing in this matter was held before Examiner F. Everett Emerson on August 16, 1960, at Portola, Plumas County.

As of May 31, 1960, applicant's total cost of its system was reported to be \$1,837,951.07, financed by means of borrowings under a loan contract with the United States of America, acting through the Department of Agriculture, Rural Electrification Administration. The borrowings are represented by 2 percent, 35-year mortgage notes.

In order to obtain funds to finance additional construction, applicant proposes to execute an amendment to its loan contract and to issue an additional mortgage in the principal amount of \$722,000. This additional mortgage would carry the same interest and term as those previously executed. The purposes for which the proceeds of the loan are to be used are set forth in Exhibit No. 4 attached to the application and have an estimated total cost of \$749,395. That portion of the \$749,395 which is in excess of \$722,000 is available from the proceeds of prior loans.

The proposed construction is part of that contemplated by applicant to meet system growth for the next three- to five-year period. The growth problem has been recently accelerated somewhat as the result of an inquiry from the California Department of Corrections in which it sought information respecting the supplying of 1200 kva of power for a prison within the area for which applicant is certificated. Of the \$749,395 construction, above mentioned, approximately \$210,000 has been allocated to the costs of providing power to the prison. Applicant presently stands ready to supply about 200 kva of construction power at the prison site from its existing distribution line in the area. Since applicant had no firm request for the 1200 kva prison service at the time of arranging for the loan, the lender and applicant are amending the loan contract by a provision to the effect that the Government shall not be obligated to advance to applicant any part of the \$210,000 allocated amount until applicant has a "binding written agreement" covering the furnishing of service to the prison.

Protestant in this proceeding also received an inquiry respecting the availability of its service to the prison and protestant has filed an application (No. 42437) with this Commission seeking authorization to enter applicant's certificated territory in order to permit protestant to furnish service to the prison. Such

application is the subject of a hearing and record separate from that herein. In the instant proceeding, however, protestant opposes the granting of applicant's requests on the grounds (1) that applicant does not have the prison on a firm commitment to be its customer and that, therefore, applicant's request should be denied with respect to \$210,000 of the total amount, and (2) that applicant has not the ability to financially support the loan.

The City of Susanville, as well as the protestant, has requested that decision in this matter be deferred until hearing and decision on protestant's application.

Applicant's construction program and loan arrangements have been more than a year in preparation. In the light of the evidence, further delay is unwarranted. Expenditure of borrowed funds is supervised by R.E.A. and funds are advanced as particular construction projects proceed. The provision of the loan contract which requires a firm agreement for service before construction funds are made available by the Government, in the opinion of this Commission, adequately protects the applicant and the public. Further restriction appears to be unnecessary. The requests and motions of protestant and the City have been fully considered and are hereby denied.

The evidence in this proceeding as to the present and forecast results of financial operations of applicant is convincing that applicant is able adequately to service its present and immediately prospective debts.

In view of the evidence, the Commission finds and concludes that applicant's requests should be granted, as herein provided, and that the money, property or labor to be procured or paid for by the issue of the note authorized herein is reasonably required by applicant for the purposes specified in Exhibit No. 4 attached to the application 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. Plumas-Sierra Rural Electric Co-operative, on or after the effective date of this order and on or before December 31, 1961, may execute an amendment to its loan contract in, or substantially in, the same form as that attached to the application herein as Exhibit No. 2 and may issue its mortgage note in the principal amount of not to exceed \$722,000 in, or substantially in, the same form as that attached to the application herein as Exhibit No. 1 and may use the proceeds thereof for the purposes set forth in Exhibit No. 4 attached to the application.

2. Plumas-Sierra Rural Electric Co-operative shall file with this Commission a report, or reports, as required by General Order No. 24-A, which order, in so far as applicable, is made a part of this order.

3. The authority herein granted will become effective twenty days after the date hereof provided Plumas-Sierra Rural Electric Co-operative has paid the fee prescribed by Section 1904(b) of the Public Utilities Code, which fee is \$722.

Dated at San Francisco, California, this 18th day of October, 1960.

[Signature]
President
[Signature]
[Signature]
[Signature]
Commissioners

