

ORIGINAL

Decision No. 62573

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of
PACIFIC POWER & LIGHT COMPANY

For an Order authorizing the issuance
of unsecured promissory notes in the
aggregate principal amount of
\$45,000,000 at any one time
outstanding.

Application No. 43686
Filed August 21, 1961

O P I N I O N

This is an application for an order of the Commission authorizing Pacific Power & Light Company to issue its promissory notes in the aggregate principal amount of not to exceed \$45,000,000 under and pursuant to the terms of a proposed credit agreement with a group of banks.

According to the proposed agreement, the banks, from time to time up to March 31, 1963, will be obligated to make loans to applicant up to an aggregate amount of \$45,000,000 at any one time outstanding, the borrowings to be represented by notes payable eleven months after their dates or on March 31, 1963, whichever shall be earlier, and to bear interest at the rate per annum which shall be equivalent to the prime commercial rate of interest charged by Morgan Guaranty Trust Company of New York from time to time. Applicant will pay the banks a

commitment fee computed on the daily average unused amount of the credit at the rate of $1/4$ of one per cent per annum and applicant will have the right to borrow, repay and reborrow up to the aggregate amount of the credit.

The purpose of the financing is to enable applicant to retire outstanding indebtedness and to provide it with temporary funds to meet current construction costs. Specifically, applicant proposes to use \$18,000,000 of the proceeds from the new notes to pay notes issued, or to be issued, under its existing credit agreement and \$10,000,000 to pay notes issued under a credit agreement executed by The California Oregon Power Company and assumed by applicant in its merger proceedings with that company, and to use the remaining proceeds for new capital. Applicant reports that it will be called upon to expend \$30,334,000 for new construction during the last six months of 1961, \$47,870,000 during 1962 and \$12,000,000 during the first three months of 1963.

From a review of the application it clearly appears that applicant will have need for funds for temporary financing of its construction program and for retirement of debt. We are of the opinion that the application should be granted, as herein provided, 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 purposes specified herein, and that such purposes are not, in whole or in part, reasonably chargeable to operating expenses or to income.

The authorization herein given is for the issue of notes 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.

O R D E R

The Commission having considered this application and being of the opinion that a public hearing is not necessary,

IT IS ORDERED that -

1. Pacific Power & Light Company, on and after the effective date hereof and on or before March 31, 1963, may issue, repay and reissue its notes, pursuant to the terms of its proposed credit agreement, in an aggregate principal amount of not to exceed \$45,000,000 at any one time outstanding, and use the proceeds for the purposes set forth in this application.

2. Within 30 days after the execution of said credit agreement, Pacific Power & Light Company shall file three copies of the same with the Commission. Within 30 days after the issue of each note under the authorization herein granted, it shall file a report with the Commission showing the date of issue of said note, the name of the payee and the amount, together with a statement showing, in general, the purpose for which the issue was made.

3. The authority herein granted will become effective when Pacific Power & Light Company has paid the fee prescribed by Section 1904(b) of the Public Utilities Code, which fee is \$11,750.

Dated at San Francisco, California,
this 19th day of SEPTEMBER, 1961.

Everett A. Rogers
President
E. L. Fox
George T. Glover
Fredrick B. Hilgoff
Commissioners

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

