

ORIGINAL

Decision No. 62763

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. 43842
Filed October 10, 1961

O P I N I O N

Desert Electric Cooperative, Inc., applicant herein, is a nonprofit cooperative California corporation engaged in providing electric service 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 \$2,584,000. The corporation now seeks authority to amend a previously authorized and executed amending loan contract, and to issue a 2 per cent 35-year R.E.A. mortgage note in the principal amount of \$202,000.

The purposes for which applicant intends to expend the funds to be derived through issuing the \$202,000 note are (1) to finance the construction of a headquarters building, together

with the necessary and proper facilities used in connection therewith, for which it has budgeted \$135,000, and (2) to apply the balance of \$67,000 toward (a) increasing substation capacity from 1,500 kva to 3,000 kva and installing forced air cooling, (b) converting 43 miles of service line from one phase to three phase, and (c) purchasing certain needed equipment.

The Commission has given consideration to this application and finds and concludes (1) that the proposed note issue is for proper purposes; (2) 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 (3) that such purposes are not, in whole or in part, reasonably chargeable to operating expenses or to income.

We will enter an order on the basis of the foregoing findings. The authorization herein granted is 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.

O R D E R

The Commission having considered this application and being of the opinion that a public hearing is not necessary and that it should be granted, therefore,

IT IS ORDERED that -

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 \$202,000 for the purposes set forth in this application, which amendment and mortgage note shall be in the same form, or substantially in the same form, as those filed in this proceeding as Exhibit C and Exhibit D, respectively.

2. 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.

3. This order shall become effective when Desert Electric Cooperative, Inc., has paid the fee prescribed by Section 1904(b) of the Public Utilities Code, which fee is \$202.

Dated at San Francisco, California,
this 7th day of NOVEMBER, 1961.

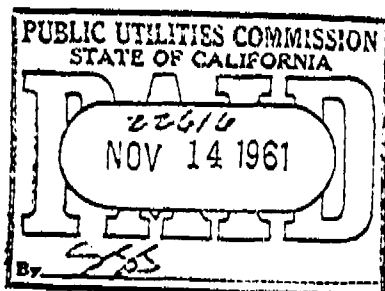
Garret A. Page
President

[Signature]

[Signature]

George J. Brewer

Commissioners



Commissioner Frederick B. Holoboff being necessarily absent, did not participate in the disposition of this proceeding.