

ORIGINAL

Decision No. 67210

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application
of SURPRISE VALLEY ELECTRIFICATION
CORPORATION for the issuance of
evidence of indebtedness in the
form of a mortgage note and an
Amendment to Amending Loan Contract
to be delivered to the United
States of America

Application No. 46585
Filed April 23, 1964

O P I N I O N

This is an application for an order of the Commission authorizing Surprise Valley Electrification Corp. to execute an amendment to its amending loan contract with the United States of America, acting through the Administrator of the Rural Electrification Administration, and to issue a mortgage note in the principal amount of \$1,850,000.

Applicant is a nonprofit cooperative corporation engaged in the business of serving members with electricity in portions of the Counties of Lassen and Modoc in California, and in the County of Lake in Oregon. It has financed the investment in utility plant primarily with secured long-term loans obtained through the Rural Electrification Administration pursuant to authority granted by this Commission. It reports that the unpaid balance outstanding on said loans, as of December 31, 1963, amounted to \$2,514,906.

The application shows that the company has negotiated with the Rural Electrification Administration to amend the amending loan contract in order to borrow an additional \$1,850,000 for the purpose of financing general improvements to distribution and transmission facilities as described in the proposed master budget attached to the application as Exhibit F. The borrowing will follow conventional terms of loans made by the Rural Electrification Administration and will be represented by a 35-year mortgage note bearing interest at the rate of 2% per annum. The indebtedness to be represented by said note will be secured by the existing mortgage of realty and chattels, dated as of March 1, 1954, as amended or supplemented. Copies of the form of amendment to the amending loan contract and mortgage note are attached to the application.

The Commission has considered this matter and finds that: (1) the proposed loan is for a proper purpose; (2) the money, property or labor to be procured or paid for by the issue of the note herein authorized is reasonably required for the purpose specified herein; and (3) such purpose is not, in whole or in part, reasonably chargeable to operating expenses or to income. On the basis of these findings we conclude that the application should be granted. A public hearing is not necessary.

The authorization herein granted is for the issue of a mortgage note and the execution of an amendment to an amending loan contract, and is not to be construed as indicative of amounts to be included in proceedings for the determination of just and reasonable rates.

O R D E R

IT IS ORDERED that:

1. Surprise Valley Electrification Corp. may execute and enter into an amendment to its amending loan contract with the United States of America, acting through the Administrator of the Rural Electrification Administration, and may issue a mortgage note in the principal amount of not to exceed \$1,850,000, in the form, under the terms and for the purpose set forth in the application.

2. Surprise Valley Electrification Corp. shall file with the Commission a report, or reports, as required by General Order No. 24-A, which order, insofar as applicable, is hereby made a part of this order.

3. This order shall become effective when Surprise Valley Electrification Corp. has paid the fee prescribed by Section 1904(b) of the Public Utilities Code, which fee is \$1,425.

Dated at San Francisco, California, this 19th day of May, 1964.

William C. DeWitt
President

George L. Traver
Fredrick B. Hallock

George L. Traver
Fredrick B. Hallock
Commissioners

