

ORIGINAL

Decision No. 67917

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of)
MOUNTAIN EMPIRE ELECTRIC COOPERATIVE,)
INC., a Corporation, for Authority)
to Borrow Money and Secure Its)
Repayment by Mortgage.)

Application No. 46964
Filed September 10, 1964

O P I N I O N

This is an application for an order of the Commission authorizing Mountain Empire Electric Cooperative, Inc. 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 \$122,000.

Applicant is a nonprofit cooperative corporation engaged in the business of serving members with electricity in a portion of southeastern San Diego County. The application shows that as of July 31, 1964, the cooperative's net investment in utility plant aggregated \$790,618.16; that the unpaid balance on previously authorized loans obtained through the Rural Electrification Administration amounted to \$749,290.71; and that 1,221 consumers were being served.

The company asserts that new transmission and distribution facilities must be installed to serve an additional 75 consumers and that other capital expenditures are necessary for general improvements to the system at an estimated total cost of

\$168,668.75, of which sum there is presently available \$46,668.75 from an existing loan. Applicant reports that it has negotiated with the Rural Electrification Administration to amend its amending loan contract in order to borrow \$122,000 for the purpose of financing the balance of construction costs as described in the proposed master budget attached to the application as Exhibit B. 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 May 31, 1955, as amended or supplemented. Copies of the form of amendment to the amending loan contract and mortgage note are annexed to the application as Exhibits C and D, respectively.

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:

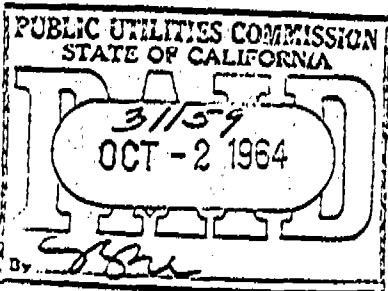
1. Mountain Empire Electric Cooperative, Inc. may execute and enter into an amendment to its amending loan contract with the United States of America, acting through the Administrator of the Rural Electrification Administration, and may issue a mortgage note in the principal amount of not to exceed \$122,000, in the form, under the terms and for the purpose set forth in the application.

2. Mountain Empire Electric Cooperative, Inc. shall file with the Commission a report; or reports, as required by General Order No. 24-B, which order, insofar as applicable, is hereby made a part of this order.

3. This order shall become effective when Mountain Empire Electric Cooperative, Inc. has paid the fee prescribed by Section 1904(b) of the Public Utilities Code, which fee is \$122.

Dated at Los Angeles, California, this 30th day of SEPTEMBER, 1964.

Commissioner Everett C. McKeage, being necessarily absent, did not participate in the disposition of this proceeding.



Frederick B. Bilaloff
President
John S. Hutchins
George L. Grover
William C. Bennett

Commissioners