

ORIGINAL

Decision No. 68332

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 an)
Amending Loan Contract, between)
the United States of America and)
Desert Electric Cooperative,)
Inc., a Mortgage Note and a)
Mortgage of Realty and Chattels)
by the Desert Electric)
Cooperative, Inc. in favor of)
the United States of America.)

Application No. 43842
Petition for Modification
Filed November 19, 1964

FIRST SUPPLEMENTAL OPINION

In the Petition for Modification filed in this proceeding, Desert Electric Cooperative, Inc. requests an order of the Commission authorizing it to execute an agreement with the United States of America, acting through the Administrator of the Rural Electrification Administration, modifying the agreement and the \$202,000 mortgage note previously authorized by Decision No. 62763, dated November 7, 1961. Applicant reports that as of August 10, 1964, an amount of \$96,076.57 has been advanced to it under said note, leaving an unadvanced balance of \$105,923.43.

The new agreement to be dated as of November 25, 1964, will extend the dates for repayment of said \$105,923.43 of note proceeds and will provide that, for a period of three years after said date, interest only shall be payable quarterly and that thereafter, until thirty-five years after said date,

the corporation shall make quarterly payments on principal and interest at the rate of \$10.60 per \$1,000 borrowed.

In its original application, the company proposed to expend a portion of the \$202,000 note proceeds for financing construction of a headquarters building with necessary related facilities at an estimated cost of \$135,000. Applicant reports that it has altered its plans and it now request authority to apply the \$105,923.43 balance of funds to be derived from said note toward the purchase of automotive equipment costing approximately \$10,000 and to utilize the remainder of the proceeds to finance the construction of service lines.

The Commission has considered the Petition for Modification filed in this proceeding and finds that: (1) the proposed new agreement would not be adverse to the public interest; (2) the money, property or labor to be procured or paid for by the issue of the note authorized by said Decision No. 62763 is reasonably required for the purposes specified therein, modified as herein set forth with respect to the sum of \$105,923.43; and (3) such purposes, as modified, are not, in whole or in part, reasonably chargeable to operating expenses or to income. On the basis of these findings we conclude that the Petition for Modification should be granted. A public hearing is not necessary.

The authorization herein given is for the purposes of this proceeding only and is not to be construed as indicative of amounts to be included in proceedings for the determination of just and reasonable rates.

FIRST SUPPLEMENTAL ORDER

IT IS ORDERED that:

1. Desert Electric Cooperative, Inc. may execute an agreement with the United States of America in the same form, or in substantially the same form, as that attached to the Petition for Modification filed in this proceeding.

2. Desert Electric Cooperative, Inc. may expend the \$105,923.43 balance of proceeds to be derived from the note authorized by Decision No. 62763, dated November 7, 1961, for the purposes specified in said Petition for Modification.

3. Desert 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.

4. The effective date of this order is the date hereof.

Dated at San Francisco, California,
this 15th day of DECEMBER, 1964.

Frederick B. Holcomb
President

[Signature]

[Signature]

George J. Grover

William W. Bennett
Commissioners