

ORIGINAL

Decision No. 71441

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the matter of the application)
of PACIFIC GAS AND ELECTRIC)
COMPANY for authorization to)
enter into an agreement to)
assume certain liabilities as)
guarantor on certain loans or)
advances to SAN LUIS OBISPO BAY)
PROPERTIES, INC.)

Application No. 48806
Filed September 21, 1966

O P I N I O N

Pacific Gas and Electric Company requests authorization from the Commission to enter into and carry out contracts of guaranty in the aggregate amount of not to exceed \$20,000,000. Section 830 of the Public Utilities Code requires the authorization of this Commission as a condition precedent to the assumption by applicant of any obligation or liability as guarantor pursuant to such contracts.

Applicant proposes to construct and operate an electric generating station and related facilities on certain subleased land in San Luis Obispo County. Exhibit B, attached to the application, is a copy of the 99-year Sublease executed, as of September 17, 1966, between San Luis Obispo Bay Properties, Inc. and applicant. Among other things, the Sublease provides that in lieu of paying a cash rental applicant will enter into contracts of guaranty with respect to loans or advances by third-party lenders to the sublessor.

The utility's contingent liability under the aforementioned contracts is set forth in the Sublease at an initial maximum amount of \$6,420,000 based on the fair market value of land securing the liability. This maximum amount may be increased or decreased as a result of future appraisals, but in no event will applicant's liability exceed \$20,000,000. Such liability will be secured by a first and prior lien on the sublessor's interest in the land.

The Commission has considered this matter and finds that the proposed contracts of guaranty will not be adverse to the public interest. On the basis of this finding we conclude that the application should be granted. A public hearing is not necessary.

The action taken herein shall not be construed as an authorization for applicant to construct the facilities referred to in this proceeding nor 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, pursuant to the terms of the Sublease executed, as of September 17, 1966, between San Luis Obispo Bay Properties, Inc. and Pacific Gas and Electric Company, a copy of which is attached to the application as Exhibit B, applicant may enter into and carry out contracts of guaranty in the aggregate amount of not to exceed

\$20,000,000, which contracts shall be in the same form, or in substantially the same form, as Exhibit E of said Exhibit B.

The effective date of this order is the date hereof.

Dated at San Francisco, California,
this 18th day of OCTOBER, 1966.

E. N. Mitchell
President

George G. Grover

Fredrick B. Wulfsberg

Augusta

William W. Bennett
Commissioners