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AUG 22 1978

Decision No. 89259

**ORIGINAL**

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of CP NATIONAL CORPORATION )	
(formerly California-Pacific Utilities )	Application No. 58062
Company), a California corporation, )	Petition for Modification
for authority to issue bank notes. )	(Filed July 14, 1978)

OPINION AND ORDER  
FOR MODIFICATION OF DECISION NO. 88998

CP National Corporation (CP National) by Decision No. 88998 dated June 27, 1978, in this proceeding, was authorized to renew and increase its lines of credit with Bank of America National Trust and Savings Association and Lloyds Bank California (Lloyds). The order in that decision provided that CP National could, on the terms and for the purposes set forth in the application, issue promissory notes and acceptance drafts, and notes and drafts refunding them, in the aggregate principal amount of not exceeding \$20,000,000 at any one time outstanding.

Shortly before this Commission issued Decision No. 88998, CP National received a proposal from Union Bank of Bavaria (Union) for a \$5,000,000 revolving line of credit. A copy of the proposal is attached to the petition as Exhibit A. The proposal from Union contains substantially similar terms to the credit agreement with Lloyds, but is in some respects more favorable. For example, the Union commitment fee on the unused portion of the bank's commitment is 1/4 of 1% as opposed to 3/8 of 1% for Lloyds, and the Union interest rate to be charged on domestic borrowings is prime plus 3/4 of 1%, compared to 110% of prime under the Lloyd's arrangement.

In its petition, CP National proposes to accept Union's line of credit in place of the previously proposed additional credit with Lloyds. The principal amount of the additional credit is the same in both instances (\$5,000,000) and the total lines of credit would not exceed the \$20,000,000 authorized by Decision No. 88998. Because the terms of the Union line of credit are not the same as those already authorized, CP National has filed this petition to modify Decision No. 88998.

Inasmuch as the Union arrangement will result in a lower cost of money on short-term indebtedness than the authorized credit agreement with Lloyds, we find the proposal to be in the public interest and the applicant's request will, therefore, be granted. The matter is noncontroversial and a public hearing is not necessary.

O R D E R

IT IS ORDERED that Decision No. 88998 is modified to the extent that CP National Corporation may enter into a credit agreement with Union Bank of Bavaria under the terms described in its Petition for Modification. The agreement shall be substituted for the Lloyds Bank California agreement authorized by Decision No. 88998.

Dated at San Francisco, California, this 22nd day  
of AUGUST, 1978.

Robert Bakumul  
President  
William J. ...  
James L. ...

Commissioners

Commissioner Richard D. Gravelle, being necessarily absent, did not participate in the disposition of this proceeding.

Commissioner Claire T. Dedrick, being necessarily absent, did not participate in the disposition of this proceeding.