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Decision No. 89462 OCT 3 1978

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BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of)
 PACIFIC GAS AND ELECTRIC COMPANY for)
 an order authorizing it to enter)
 into separate agreements with THE)
 ROYAL BANK OF CANADA, CANADIAN IMPERIAL)
 BANK OF COMMERCE, BANK OF MONTREAL,)
 and THE BANK OF NOVA SCOTIA so as to)
 assume certain liabilities as guarantor)
 on certain promissory notes of ALBERTA)
 AND SOUTHERN GAS CO. LTD.)

Application No. 56014
 Request for Extension
 of Time
 (Filed August 17, 1978)

O P I N I O N

By Decision No. 85752, dated April 27, 1976, in this proceeding, Pacific Gas and Electric Company (PG&E) was authorized to enter into separate identical agreements with The Royal Bank of Canada, Canadian Imperial Bank of Commerce, Bank of Montreal, and The Bank of Nova Scotia (the "Banks") as guarantor of certain promissory notes of its wholly-owned Canadian subsidiary, Alberta and Southern Gas Co., Ltd. (A&S).

PG&E obtains Canadian natural gas through A&S, which has numerous long-term contracts with gas producers in the Alberta fields. A&S obtains its funds through lines of credit with the Banks, and these funds are in turn used to make advance payments and exploration loans to certain oil and gas companies carrying on operations in Alberta and northern Territories of Canada. Gas reserves developed as a result of this program are dedicated to A&S, and the loans and advance payments are generally fully recoverable from the producing companies.

The loan agreement between A&S and the Banks expires on October 31, 1978, and the parties plan to extend the agreement, with modifications, until December 31, 1981. The modifications consist of reducing the interest rate charged by three of the banks by 1/4 of 1%, and removal of the 1/2 of 1% standby fee payable to each of the banks. As a condition to the extension

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of the agreement, it will be necessary for PG&E to execute an amending agreement extending its guarantees with each of the Banks.

After consideration the Commission finds that the loan guarantees are in the public interest and the applicant's request will, therefore, be granted. There is no opposition and there is no reason to delay granting the authority requested. A public hearing is not necessary. Because of the impending expiration of the present loan agreement, the authority should be granted effective on the date hereof.

O R D E R

IT IS ORDERED that Decision No. 85752 is modified to the extent that Pacific Gas and Electric Company may execute and deliver an amending agreement, amending the guarantees previously delivered to the Royal Bank of Canada, Canadian Imperial Bank of Commerce, Bank of Montreal, and The Bank of Nova Scotia, said agreement to be in substantially the same form as that attached as Exhibit No. 1 to the applicant's letter of August 17, 1978.

The effective date of this order is the date hereof.

Dated at San Francisco, California, this 3rd day of OCTOBER, 1978.

Robert Bateman
President

William J. ...

Vernon L. ...

Richard D. ...

Clarence D. ...
Commissioners