

## ADMINISTRATIVE PROCESS /

UNITED STATES OF AMERICA  
FEDERAL POWER COMMISSION

Before Commissioners: Joseph C. Swidler, Chairman; Howard Morgan,  
J. J. O'Connor, Jr. and Charles R. Ross.

Pacific Power & Light Company )

Docket Nos. E-7024 and E-7025

OPINION NO. 354

OPINION ON AUTHORIZING  
ISSUANCE OF SECURITIES

(Issued April 17, 1962)

By the Commission.

The central question in this case is whether, under Section 204 of the Federal Power Act, 1/ approval of the security issues proposed by Pacific Power and Light Company should have been withheld because one of the many facilities to be financed thereby, the northern half of a transmission line running a distance of approximately 110 miles from Klamath Falls, Oregon, to Round Mountain, California, is to be designed and constructed so that it can be operated at 500 kv when and if 500 kv terminal facilities are provided, although it is to be operated initially at only 230 kv. There is no question that the line is fully justified as a 230 kv line. 2/ The narrow issue, therefore, is whether, in exercising our jurisdiction over security issues, we should make an independent assessment of the wisdom of the decision of management to invest now the additional amounts required to construct the facility in such a way as to enable it to be operated at a higher voltage in the future.

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1/ The pertinent language of that Section, contained in Subsection (a) thereof, is as follows:

No public utility shall issue any security, or assume any obligation or liability as guarantor, indorser, surety, or otherwise in respect of any security of another person, unless and until, and then only to the extent that, upon application by the public utility, the Commission by order authorizes such issue or assumption of liability. The Commission shall make such order only if it finds that such issue or assumption (a) is for some lawful object, within the corporate purposes of the applicant and compatible with the public interest, which is necessary or appropriate for or consistent with the proper performance by the applicant of service as a public utility and which will not impair its ability to perform that service, and (b) is reasonably necessary or appropriate for such purposes. \* \* \*

2/ "All state and federal authorities are agreed that a 230 kv line is justified and would be useful in the proposed location" (dissenting opinion).