

For Huge Expansion Program

8/16/55

Puget Power To Borrow \$20 Million in 3 Years

Puget Sound Power and Light announced from Bellingham today that it has entered into a credit agreement with nine local and nine eastern and midwestern banks to borrow up to \$20,000,000 in the next three years.

The loan, subject to regulatory approval, will be used to help finance the \$79,000,000 expansion program the company contemplates from 1955 to 1959.

Puget President Frank McLaughlin said the credit agreement, dated Aug. 1, 1955, provides for an interest rate of 3 percent plus a commitment fee of $\frac{1}{4}$ of one percent on the unborrowed balance.

Of the \$79,000,000 construction program, it is estimated that approximately \$42,000,000 will be re-

quired for the expansion of distribution and transmission facilities to enable the company to keep abreast of its load growth; almost \$2,000,000 will be needed for new office and service buildings; and \$35,000,000 is proposed for the development of an additional 140,000 kilowatts of additional hydro-electric power on the Baker River.

McLaughlin said the upper Baker project, with a potential of 85,000 kilowatts, would also enable the installation of 55,000 additional kilowatts at Puget Sound's present lower Baker plant.

McLaughlin said Puget expects to file an application around Sept. 1 for a license from the Federal Power Commission to develop the upper Baker River site.

Completion date on that project is presently set for 1959.

In a letter to stockholders accompanying the Aug. 15 dividend checks, McLaughlin said Puget Sound's proposed bank loan together with funds generated within the company is expected to take care of the construction needs for the first several years of the \$79,000,000 program, and that the bank loan will subsequently be re-financed by sale of bonds.

\$9,000,000

"Construction expenditures previously estimated at around \$7,000,000 for 1955 are now placed at \$9,000,000 due to increased volume of new business and the inclusion this year of about \$750,000 of the cost of the company's new buildings," the company president said.

McLaughlin reported that total kilowatt hour sales for the first six months of 1955 were up 12.7 percent over the same period of 1954, and that the average use of all residential customers reached a new all-time high of 6,189 kilowatts during the 12-month period ending June 30, 1955.

He said Puget Sound Power and Light expects to schedule a stockholders' meeting for some date between Sept. 1 and Oct. 31, 1955, to act on the election of directors, a treasurer, and clerk; to ratify the selection of company auditors; and certain other business matters.