

Decision No. 28100

ORIGINAL

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of )  
SUTTER BUTTE CANAL CO. )  
to sell to Richvale Irrigation Dis- )  
trict, and of letter to buy, certain ) Application No. 16998  
property of Sutter Butte Canal Co. )

BY THE COMMISSION:

FIFTH SUPPLEMENTAL ORDER

In its fifth supplemental petition filed July 2nd, Sutter Butte Canal Co., hereinafter sometimes referred to as the Canal Company, reports that it, Richvale Irrigation District, hereinafter sometimes referred to as the District, and Reconstruction Finance Corporation, hereinafter sometimes referred to as the Corporation, intend to execute an agreement in place of the agreement referred to in the company's fourth supplemental petition/<sup>filed</sup> on April 19, 1935, and Decision No. 27909 dated April 22, 1935.

The Canal Company asks permission to execute such agreement which is filed as Exhibit A attached to said fifth supplemental petition and also a mortgage filed as Exhibit B attached to said fifth supplemental petition.

By Decision No. 23136 dated December 2, 1930 the Commission authorized the Canal Company to sell some of its properties to the Richvale Irrigation District.

The company received in payment for its properties \$515,000. of District bonds. Under the agreement the Company has until March 1, 1943 to remove any liens or encumbrances on the properties sold to the District.

Recently the Corporation has agreed to loan the District \$388,500.00 to enable it to reacquire and ultimately cancel the \$515,000.00 of bonds. These bonds are now the property of the Sutter Butte Canal Co. Of the \$388,500.00 which the Corporation has agreed to loan the District, \$366,500.00 shall be used to acquire at least \$524,000.00 of bonds of the Canal Company. The \$515,000.00 of District bonds shall be and become the absolute property of the Corporation. The \$524,000.00 of Canal Company bonds and any additional bonds that may be acquired by funds advanced by the Corporation shall be held by the Corporation as security to protect the Corporation and the District against any liability resulting from the execution of the agreement attached to the fifth supplemental petition, and also to guarantee the release from the trust indenture of the Canal Company of the properties sold to the District. In case of default the Canal Company bonds become the property of the Corporation. The agreement also provides that the District shall take the necessary steps to issue to the Corporation \$388,500.00 of refunding bonds in exchange for the \$515,000.00 of District bonds now outstanding.

The Canal Company agrees that upon demand by the Corporation it will call for payment its outstanding bonds. The funds necessary to redeem such bonds would be advanced by the Corporation. To secure the payment of any such advances the Corporation asks the Canal Company to execute a mortgage and deposit it with the Trustee under its trust indenture to be delivered to the Corporation forthwith upon the advancement by the Corporation of any funds for the purpose of calling or redeeming the outstanding bonds of the Canal Company.

We have considered applicant's requests and believe that they should be granted, therefore,

IT IS HEREBY ORDERED that Sutter Butte Canal Co. be, and it is hereby, authorized to execute and enter into with Richvale Irrigation District and Reconstruction Finance Corporation an agreement similar in form to that attached as Exhibit A to the fifth supplemental petition, filed in this proceeding on July 2, 1935 and which modifies in some respects the agreement of option between Sutter Butte Canal Co. and Richvale Irrigation District dated November 3, 1930, as amended.

IT IS HEREBY FURTHER ORDERED that Sutter Butte Canal Co. be, and it is hereby, authorized to execute a mortgage similar in form to that attached as Exhibit B to the fifth supplemental petition filed in this proceeding on July 2, 1935, provided that the authority herein granted is for the purpose of this proceeding only, and is granted only insofar as this Commission has jurisdiction under the terms of the Public Utilities Act and is not intended as an approval of said mortgage as to such other legal requirements to which said mortgage may be subject; and provided further that said mortgage may be executed and delivered only in accordance with the terms and conditions of Exhibit A attached to the fifth supplemental petition filed in this proceeding on July 2, 1935.

DATED at San Francisco, California, this 8<sup>th</sup> day of July, 1935.

Leon A. Dwyer

W. B. Harris

Frank R. Dwyer  
Commissioners.