

Decision No. 30384

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of)
THE CALIFORNIA OREGON POWER COMPANY)
for authority to enter into an agree-)
ment with the Mountain States Power) Application No. 21622
Company.)

Brobeck, Phleger and Harrison, for applicant.

BY THE COMMISSION:

O P I N I O N

The California Oregon Power Company asks permission to enter into an agreement with the Mountain States Power Company, under the terms of which it will subordinate its interest in the lease, to which reference will hereafter be made, to the lien of a new indenture to be executed by Mountain States Power Company, for the purpose of securing the payment of bonds. A copy of the agreement is filed in this proceeding as Exhibit A.

Under a lease dated November 1, 1929 The California Oregon Power Company operates a steam electric generating plant of 15,000 K.W. capacity owned by the Mountain States Power Company situate in the City of North Bend, Coos County, Oregon. The plant is known as the Coos Bay Steam Plant. The lease extends for a period of 25 years from November 1, 1929. The operation of the plant by The California Oregon Power Company provides that company with a standby source of electric energy. The lease when made and entered into was subject to the lien of an indenture dated January 1, 1918, between Mountain States Power Company and Illinois Trust and Savings Bank(to which Continental Illinois National Bank and Trust Company is successor in trust), trustee, securing an authorized issue of \$15,000,000. of first mortgage bonds. Of these bonds, \$8,182,500. principal amount, are now outstanding and will mature on January 1, 1938. In order to obtain funds with which to pay said bonds at maturity, Mountain States Power Company proposes to issue and sell certain securities including \$8,000,000. principal amount of first

mortgage bonds, 6% series, due December 1, 1942. Such bonds are to be issued under and secured by an indenture dated December 1, 1937 from Mountain States Power Company to certain trustees not yet determined.

In the agreement The California Oregon Power Company agrees with the Mountain States Power Company that all right, claim and interest of The California Oregon Power Company acquired or held under or by virtue of the lease dated November 1, 1929, or otherwise, in and to the property therein described, and in and to those certain premises in the City of North Bend, Coos County, Oregon, known and described as Blocks 10 and 15, 9 and 16, 8 and 17, in Coos County Plat B, according to the Plat thereof on file and of record in the office of the County Clerk of Coos County, together with the steam electric generating plant and all buildings and equipment thereon, and those portions of Water and Wharf Streets which have been abandoned by ordinance of the City Council of North Bend, are expressly made subordinate to the lien of an indenture securing the payment of said \$8,000,000. of new bonds of Mountain States Power Company.

It does not appear to us that the execution of the agreement will adversely affect the operations of The California Oregon Power Company.

O R D E R

The Commission having considered the request of The California Oregon Power Company, and it being of the opinion that this is not a matter in which a public hearing is necessary and that this application should be granted, therefore,

IT IS HEREBY ORDERED that The California Oregon Power Company may execute, on or before March 1, 1938, an agreement substantially in the same form as the agreement filed in this proceeding as Exhibit A.

IT IS HEREBY FURTHER ORDERED that within thirty(30) days after the execution of said agreement The California Oregon Power Company shall file with the Railroad Commission a true and correct copy of said agreement.

DATED at San Francisco, California, this 6th day of December, 1937.

Walter H. Hume
Leon O. Whitley
James R. Hobbins

Commissioners.