

ORIGINAL

Decision No. 39091

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of )  
 :  
CALIFORNIA-PACIFIC UTILITIES COMPANY )  
 :  
 for an order authorizing it (a) to )  
 assume \$1,800,000 principal amount )  
 of bonds of Eastern Oregon Light and )  
 Power Company, and (b) to execute )  
 the First Supplemental Indenture, )  
 supplemental to its First Mortgage )  
 Indenture dated as of July 1, 1944. )  
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Application No. 27552

O P I N I O N

In this application, California-Pacific Utilities Company asks the Railroad Commission to make its order authorizing applicant to assume the payment of \$1,800,000 principal amount of first mortgage bonds, 3 1/2% Series, due 1970, of Eastern Oregon Light and Power Company, and authorizing applicant to execute a supplemental indenture in form similar to that filed in this application as Exhibit 3.

The California-Pacific Utilities Company is a California corporation which owns and operates in California, a public utility water system in Benicia and vicinity, a public utility electric system in Weaverville and vicinity, a public utility electric system and water system in Susanville and vicinity, public utility electric, gas and telephone systems in Needles and vicinity, and public utility gas systems in Yreka and Dunsmuir and vicinity. It also owns and operates in Oregon, public utility gas systems in Ashland, Grants Pass, Klamath Falls, La Grande, Medford, Phoenix, Roseburg, and Talent, and public utility

electric systems in Harney and Grant Counties. In Nevada, it owns and operates a public utility electric system in the Nelson Mining District, and in Searchlight, Clark County, and vicinity, and an electric system and a water system in Winnemucca and vicinity. In Idaho, it owns and operates an electric system at Malad City and vicinity, and in Wyoming, an electric system in Cokeville and vicinity. Applicant is also engaged in the non-utility sale of butane air gas in Oregon, Washington, Idaho and Arizona.

For 1945 the applicant reports operating revenues of \$1,495,119.97, segregated as follows:

Electric revenues	\$733,225.44
Gas revenues	447,811.38
Water revenues	209,582.78
Telephone revenues	24,390.36
Gas revenues - wholesale	80,110.01

For the purpose of increasing its revenues and particularly its electric revenues, and further diversify its operations, applicant entered into an agreement covering the purchase of the electric properties of Eastern Oregon Light and Power Company. This company's properties are situated in the Counties of Grant, Baker and Union, in Oregon, and furnish electric service to about 8,740 consumers, approximately 3,810 of whom are located in Baker and Grant Counties, and 4,930 in Union County. Its gross revenue is about \$700,000 a year, of which \$330,000 is derived from business in Baker and Grant Counties, and \$370,000 from business in Union County.

Applicant has agreed to pay for the properties of Eastern Oregon Light and Power Company a base purchase price of about \$2,326,000.43. The properties will be purchased pursuant

to the terms of the agreement filed as Exhibit "B" in Application No. 27206, and the supplemental agreement on file in this application as Exhibit 2. The base purchase price is subject to the adjustments mentioned in the agreements. The company will pay for the properties approximately \$526,000.43 in cash and assume the payment of \$1,800,000 of 3½% bonds issued by Eastern Oregon Light and Power Company in 1945, under an order of the Public Utilities Commissioner of Oregon. These bonds are now all owned by Northwestern Mutual Life Insurance Company.

The original cost of the properties of Eastern Oregon, less the recorded accrued depreciation, is reported at \$2,084,202.

Applicant reports that under present negotiations between it and the Union County Peoples Utility District and its nominee, Union County Electric Cooperative, Inc., applicant, subject to obtaining the requisite approvals of governmental agencies, will sell to the District and the Cooperative, for a base purchase price of \$1,256,732.84, the portion of Eastern Oregon properties situate in Union County except the following transmission and lateral lines in Union County:

- (i) 66 KV transmission line from La Grande Substation to the Union-Baker county line;
- (ii) 22 KV lateral extending from the main 22 KV line in the City of North Powder southeast of the Union-Baker county line; and
- (iii) 2.3 KV lateral 4 miles southwest of the City of North Powder running south across the Union-Baker county line and presently used to serve three customers in Baker County, Oregon.

In the event the District and the Cooperative are unable to complete the purchase of said properties by August 15, 1946, applicant will retain the same. In addition, applicant has entered into an agreement with the Idaho Power Company, which presently supplies electric power to Eastern Oregon at an inter-connection point at Durkee, Oregon, to sell to that company a portion of the 66 KV transmission line between Durkee and Baker, Oregon, for a total purchase price of \$42,484.67. The proceeds from the sale of the properties to the District, to the Cooperative and to the Power Company, will be paid to the corporate trustee under Eastern Oregon's bond indenture and will by it be used for the retirement of Eastern Oregon bonds.

Applicant at a later date intends to file with this Commission an application for permission to issue bonds and stock to finance permanently the purchase of the Eastern Oregon properties.

Applicant's outstanding bonds amounting to \$1,600,000 are all owned by John Hancock Mutual Life Insurance Company, Occidental Life Insurance Company of California, California Western States Life Insurance Company, and Provident Mutual Life Insurance Company of Philadelphia. The owners of the bonds have agreed to amendments to applicant's bond mortgage which amendments will permit applicant to assume the payment of the \$1,800,000 of Eastern Oregon bonds. The amendments are set forth in the supplemental indenture filed in this application as Exhibit 3.

The action taken herein should not be construed to be a finding of value of the properties of Eastern Oregon Light and Power Company.

O R D E R

The Commission has considered applicant's request and is of the opinion that this is not a matter on which a hearing is necessary; that the money, property or labor to be procured or paid for by the assumption of \$1,800,000 of bonds of Eastern Oregon Light and Power Company by applicant is reasonably required for the purpose herein stated, and that this application should be granted subject to the provisions of this order, therefore,

IT IS HEREBY ORDERED as follows:

1. California-Pacific Utilities Company may, on or before October 1, 1946, assume as part of the consideration paid for the properties of Eastern Oregon Light and Power Company the payment of \$1,800,000 principal amount of first mortgage bonds, 3 $\frac{1}{2}$ % Series, due 1970, of Eastern Oregon Light and Power Company.
2. California-Pacific Utilities Company may execute, on or before October 1, 1946, a supplemental indenture in, or substantially in, the same form as the supplemental indenture filed in this application as Exhibit 3.
3. Within sixty (60) days after the acquisition of the properties of Eastern Oregon Light and Power Company, California-Pacific Utilities Company shall file with the Railroad Commission a statement showing the aggregate price paid for said properties and the several items that make up said aggregate price.
4. The authority herein granted is effective upon the date hereof.

Dated at San Francisco, California, this 18<sup>th</sup> day  
of June, 1946.

Harold Anderson

Justus F. Casner  
Frederic C. Cook

James F. Lawrence

Harold P. Hule

Commissioners