

ORIGINAL

Decision No. 47985

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of)
The California Oregon Power Company)
for Authority to Cancel Agreement for) Application No. 33874
Sale of Power and Lease of Steam)
Generating Facilities and to Sell)
Certain Electric Properties.)

OPINION AND ORDER

The California Oregon Power Company, a California corporation, operating electric properties in both Oregon and California, and sometimes referred to hereinafter as COPCo, by its application seeks authority under Section 851 of the Public Utilities Code to cancel its agreement with Mountain States Power Company, sometimes referred to hereinafter as Mountain States, covering the lease of certain plant and generating facilities and sale of power, and to sell to Mountain States certain portions of transmission lines and other properties. In the alternative, applicant seeks an order of the Commission dismissing its application for want of jurisdiction.

COPCo has entered into an agreement, dated September 30, 1952, with Mountain States, a Delaware corporation, engaged in the furnishing of electric service in the State of Oregon and elsewhere. A copy of the agreement of September 30, 1952, is filed as Exhibit C to the application. Said agreement would terminate as of midnight, September 30, 1952, a prior agreement between applicant and Mountain States, dated November 1, 1929, running to October 31, 1954 and providing for the lease and

operation by applicant of the North Bend, Oregon, steam plant of Mountain States and the delivery of power by applicant to Mountain States for the service of the Coos Bay, Oregon, area. Section 851 of Division 1 of the Public Utilities Code provides, among other things, that "No public utility shall sell ... the whole or any part of its ... system, or other property necessary or useful in the performance of its duties to the public, ... without first having secured from the Commission an order authorizing it so to do." It is apparent that the jurisdiction conferred upon this Commission by said Section of the Code was intended not only to assure equitable treatment of customers who might be directly affected by such a transfer but also to assure that no burden would be imposed upon remaining customers of the utility who would continue to receive service under the jurisdiction of this Commission. An appropriate order will be issued.

The agreement dated September 30, 1952, between COPCo and Mountain States also provides for the sale by COPCo to Mountain States of the following property:

- a. For the sum of \$24,263.83 the tap line extending from Pole 1A/63 in the vicinity of Coos Bay, Coos County, Oregon, to the North Bend steam plant of Mountain States, including all poles, wires, fixtures and other equipment comprising said tap line and any rights of way and easements appurtenant thereto.
- b. For the depreciated original cost per books as of September 30, 1952, amounting to \$44,951.40, the interest of COPCo in that portion of its Line 12 extending from Pole 15/119 thereof at the point where said line interconnects with the tap line from the Alvey Substation of Bonneville Power Administration at Goshen, Oregon, to the substation of Mountain States at Springfield, Oregon, including 3,240 kvar capacitor installation in the latter substation and all poles, wires, fixtures and other equipment comprising COPCo's interest in such portion of said Line 12 and any rights of way and easements appurtenant thereto.

- c. Certain materials and supplies on hand at the North Bend steam plant as of October 1, 1952, to be sold as set forth in Paragraph 4(c) of the agreement of September 30, 1952.

Attached to the application as Exhibit D is a map showing the location of the North Bend steam plant and the portions of the transmission lines proposed to be sold in relation to the remainder of COPCo's system. As shown on said map, the tap line is a 125 kv line approximately 2.297 miles in length and the portion of Line 12 is a 125 kv line, 3.103 miles in length.

Applicant alleges the original purpose of the lease agreement of November 1, 1929, was to provide for the sale by COPCo to Mountain States of electric energy of which COPCo then had a surplus and to provide COPCo with steam plant peaking capacity and standby capacity for emergency and low water conditions. Applicant further states that the growth in the requirements of the Coos Bay Division of Mountain States and of COPCo's own system virtually eliminated COPCo's surplus hydroelectric energy and made it necessary for COPCo to purchase power and to operate the leased steam plant almost continuously. The original purpose for which the lease agreement was made is stated to have thus ceased to exist to any particular degree.

Applicant states that the estimated effect of the cancellation of said lease agreement on its income would result in a net saving of \$102,000 based upon operating results for the 12 months ended August 31, 1952.

It appears that the sale of property as proposed herein by applicant will not be adverse to the public interest and that the request of applicant should be granted. The action taken herein shall not be construed to be a finding of the value of the

properties herein authorized to be transferred. It further appears that a public hearing in this application is not necessary, therefore,

IT IS HEREBY ORDERED that The California Oregon Power Company be, and it hereby is, authorized to sell and convey to the Mountain States Power Company the properties described in the agreement of September 30, 1952, a copy of which is attached as Exhibit C to its application, in accordance with terms and conditions substantially as set forth in said agreement.

IT IS HEREBY FURTHER ORDERED in such other respects as may be necessary that The California Oregon Power Company be, and it hereby is, authorized to carry out the terms and conditions of said agreement of September 30, 1952, with the Mountain States Power Company.

The effective date of this order shall be twenty (20) days after the date hereof.

Dated at San Francisco, California, this 2nd day of December, 1952.

R. T. Duntzman
President.
Justice J. Carver
Harold Hida
Harold Patten
Robert E. Mitchell
Commissioners.