

Spokane, September 14, 1925.

Messrs. E. M. Byram,
Mark W. Potter,
Edward J. Brundage,

Receivers of Chicago, Milwaukee
& St. Paul Railway Company,

Union Station,
Chicago, Illinois.

Gentlemen:

Your Western Representative has discussed with us the matter of the extension of time for exercising a certain option for 3000 kilowatts referred to in Article 8 of the contract with your Railway Company dated March 13, 1917, being the contract for electrification of the railway lines between Othello and Pasco and Seattle, and the taking of power by the Railway Company from Intermountain Power Company therefor. That contract provides in Article 2 thereof for the furnishing and taking of 10,000 kilowatts, and in Article 8 thereof that the Railway Company shall have the right, to be exercised at its option, to take additional power up to the full amount of 25,000 kilowatts between certain dates provided certain notices are given. Since the making of that contract there has been taken an additional 2000 kilowatts, and certain supplemental and amendatory agreements have been entered into. Under Article 8 of that contract the Railway Company would have the right to call for 3000 additional kilowatts provided it gave a notice therefor on or before October 1, 1924. That time was extended by our letter dated on or about September 10, 1924, from October 1st, 1924, to October 1, 1925. So the situation now is that you would have a right to call for said additional 3000 kilowatts provided notice were given this company prior to October 1, 1925. Your Western Representative advises us that you would like a further extension as to the time of giving notice in respect to said 3000 kilowatts for the period of one year, or until October 1, 1926. This we are willing to grant and do hereby grant. Such extension is granted upon the understanding that you do not thereby waive any rights or assume any obligations because thereof. Nor does this Company obtain thereby any rights which it would not have if the original contract in Article 8 thereof instead of fixing the date October 1, 1924, had fixed it at October 1, 1926.

Your Western Representative has also discussed with us the fact that the contract for possible electrification of the railway lines between Avery, Idaho, and Othello, Washington, dated March 14th, 1921, provides in Article 12 thereof, as follows:

"This contract shall take effect and be in force only in the event of the Railway Company giving written notice to the Power Company on or before October 1, 1925, of its desire to electrify its said railway line between said towns of Avery, Idaho, and Othello, Washington."

and that you would like an extension of said time for the period of six months, or until April 1, 1926. We think under the circumstances now existing that you are reasonably entitled to such extension, and we do hereby grant it. The rights of your company, yourselves, and any successor company, under that contract, will be the same as if the date named in Article 12 were April 1, 1926, instead of October 1, 1925. This extension is granted upon the understanding that you do not waive any rights or assume any obligations because thereof. Nor does this company obtain thereby any rights which it would not have if the original contract in Article 12 thereof contained the date April 1, 1926, instead of October 1, 1925, as stated therein.

In the same connection your Western Representative calls attention to the contract dated March 14, 1921, under which the Railway Company undertakes to pay this company the sum of One Hundred Thousand

Dollars (\$100,000.00) per annum up to October 1, 2016, in monthly installments of \$8,333.33. The Railway Company paid such monthly installments up to the time of the receivership and since that time you have paid said monthly installments up to August 1, 1925, and we are advised by your Western Representative that vouchers have been made for the August and September payments and such payments will be made by you, and that you request that this company waive any right which it might have under said contract or any other contract to insist that the receivers shall make said monthly payments during the six months period of extension referred to in the preceding paragraph, to-wit: from October 1, 1925, to April 1, 1926. In other words, that if you shall fail to make said monthly payments during said six months period, that this company shall not have the right because of such failure either to cancel the contract mentioned in the preceding paragraph or to withdraw any power or to do any other thing which it might do under the contract mentioned in this paragraph because of such failure. Under the circumstances we are willing to grant and do hereby grant such request upon the understanding that we do not thereby waive our right to file a claim for, among other things, said sum of \$50,000.00 as a general claim to be paid on a parity with other general claims out of said railroad properties or out of any funds provided therefor either through the sale of said properties under the mortgage foreclosure or under any reorganization plan, or from the corporation which may take over said properties and operate same. Under contract between the two companies dated November 15, 1922, there is a provision for a credit to be given the Railway Company upon said item of \$8,333.33 per month mentioned above for a certain period of time therein stated. It is understood that during said six months period mentioned above this Company shall not make any payment to the receivers on account of said credit item mentioned in said contract of November 15, 1922, but shall credit the same upon said \$50,000.00 item mentioned above. Such waiver is granted upon the understanding that you do not thereby waive any other rights except those expressly stated herein or assume any obligation because thereof. Nor does this Company thereby obtain any rights which it would not have if this letter were not written, unless it be to file a claim as a general creditor as stated above.

It is our understanding that the order of the court appointing you as receivers provides that you shall elect to accept or reject all contracts of the Railway Company on or before September 18, 1925. We hereby consent to the making of an amendatory order extending such time with reference to the contracts hereinbefore referred to, until April 1, 1926. This consent, however, is not to be construed as any admission upon our part that you as receivers can lawfully terminate said contracts or relieve any company which may succeed to the properties of the Chicago, Milwaukee & St. Paul Company, or that Company, of the obligations thereof. On the other hand, we contend that neither the court appointing your receivers, nor yourselves as receivers, have any power to cancel or terminate any such contract.

It is the desire of this company that the decree of foreclosure shall provide that the corporation which shall acquire the properties of the Railway Company and operate the same, shall take over and assume all of the obligations of the contracts providing for the furnishing of electric energy for the operation of the railway lines between Ashello and Tacoma and Seattle referred to above, and all of the obligations of the Railway Company under the contract mentioned in the preceding paragraph for the payment of \$100,000.00 a year to this company. If that is not done we think there will be a breach of said contracts on the part of the Railway Company, and this Company will have a claim for damage on account of such breach. As we understand it, there is an order of court providing that all claims which may be asserted against the Railway Company or its receivers must be presented on or before September 18, 1925. In order to protect ourselves in this matter we have concluded to and will file with the receivers a claim to the effect that if there is a breach of said contracts this Company is entitled to be paid damages on account of such breach, and stating the amount thereof. We have granted the extensions and the waiver mentioned above upon the understanding that such act shall in no manner jeopardize or affect our claim or claims to be filed with the receivers as briefly outlined above.

INTERMOUNTAIN POWER COMPANY
(Sgd) By H. W. BIRKETT
Vice President

14040 H 2278

Chicago, September 18, 1925.

Mr. E. W. Birkett, Vice President,
Intermountain Power Company,
Spokane, Washington.

Dear Sir:

Contracts for Electric Power Supply

This will acknowledge receipt of your letter of September 14th extending the time for exercising of options under our contracts for electrical power for operation of the line between Othello and Tacoma, and for the proposed electrification between Avery and Othello.

The Receivers of the Chicago, Milwaukee & St. Paul Railway appreciate very much your kindness in extending these options and giving us more time to adjust the situation in connection with the contracts to permit of handling them in the best interests of both parties.

Yours truly,

(Sgd) H. E. Byram,

For the Receivers