

LM

Decision No. 118267

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA.

In the Matter of the Application of)
MINARETS AND WESTERN RAILWAY COMPANY,)
for an order authorizing the issue)
of bonds.)

Application Number 7995.
(Supplemental)

ORIGINAL

Goudge, Robinson and Hughes,
by Herbert J. Goudge, for Applicant.

BRUNDIGE, Commissioner.

FIRST SUPPLEMENTAL OPINION.

In a supplemental petition filed in the above entitled matter on February twenty-third MINARETS AND WESTERN RAILWAY COMPANY asks permission to issue and sell at not less than 97 percent. of their par value and accrued interest \$2,500,000.00 of 6 percent. serial bonds, dated November one, 1922, and use the proceeds to pay in part the cost of building its line of railway and acquire necessary equipment. It also asks permission to execute a mortgage or deed of trust to secure the payment of the bonds and interest thereon.

Applicant is engaged in the business of constructing, maintaining and operating a standard gauge commercial steam railway beginning at or near Friant, in the County of Fresno, State of California, extending thence in a northeasterly direction to a point in the northeast quarter of the northeast quarter of Section 26, Township 7 South, Range 22 East, M. D. B. & M., at or near the Crane Valley Dam, in the County of Madera, State of California; also from Pinedale Junction (formerly known as Setch), a station on the Clovis Branch of the Southern Pacific Company's railroad, in the said County of Fresno, to a point on the east line of Section 32, Township 12 South, Range 20 East, M.D.B. & M., which point is distant 2367.81 feet, more or less, southerly from the northeast corner of said section, in or near the townsite of Pinedale, in said County.

The principal business that will be transacted by applicant is the hauling and carriage of logs to the mill of the Sugar Pine Lumber Company near Fresno and the hauling and carriage of lumber and lumber products from the mill to a connecting point of the Southern Pacific Company's railroad.

Applicant's engineer estimates the cost of its railroad and equipment at \$2,623,803.00 (applicant's Exhibit C¹). Up to January 31, 1923 applicant reports that it has expended \$1,670,963.31. Substantially all of this money has been obtained from the Sugar Pine Lumber Company.

By Decision Number 10726 dated July 19, 1922, applicant was authorized to issue and sell at par, \$50,000.00 of common stock. This stock has been issued, sold and paid for in cash at par. Applicant has filed a copy (Exhibit K) of its proposed mortgage or deed of trust securing the payment of the \$2,500,000.00 of bonds and the interest thereon. The bonds are to be dated November 1, 1922 and mature serially in the amount of \$200,000.00 per annum, the first series being due November 1, 1926. The mortgage or deed of trust contains an after-acquired property clause and will be a lien on all of applicant's properties except cash, accounts and bills receivable, traffic and other operating balances and other cash items. In addition, the payment of the bonds, both as to principal and interest, will be unconditionally guaranteed by the Sugar Pine Lumber Company.

The proposed guarantee (applicant's Exhibit L) reads in part as follows:-

"In consideration of the purchase and acceptance of said bonds by the holders thereof, as and when the same shall be sold and issued, and in consideration of the advantage to be gained by, and the benefits to accrue to, said Sugar Pine Lumber Company from the construction, equipment and operation of said railway by said Minarets and Western Railway Company, said Sugar Pine Lumber Company, by virtue of the powers given and granted by its charter and articles of incorporation, does hereby unconditionally guarantee to the holders of said bonds, and each of them, the prompt payment of the principal amount thereof when the same shall become due and payable (whether at maturity thereof or by declaration, or otherwise), and of interest thereon at the rate of six (6%) per cent. per annum on the semi-annual dates mentioned in said bonds, and also the due fulfillment of all of the terms, covenants and "

"conditions of the indenture securing said bonds, dated 2as of November 1st, 1922, to be performed by said Minarets and Western Railway Company, hereby consenting to any extensions of time or other indulgences which may be granted in respect to the payment of said principal amount and/or interest, or any part thereof, or the fulfillment of said terms, covenants and conditions of said indenture, or any thereof."

I herewith submit the following form of Supplemental Order:-

FIRST SUPPLEMENTAL ORDER

MINARET AND WESTERN RAILWAY COMPANY, having applied to the Railroad Commission for permission to issue \$2,500,000.00 of First Mortgage 6 percent. serial gold bonds and to execute a mortgage or deed of trust securing the payment of such bonds, a public hearing having been held and the Railroad Commission being of the opinion that the money, property or labor to be procured or paid for by such issue is reasonably required by applicant, and that the expenditures herein authorized are not in whole or in part reasonably chargeable to operating expenses or to income;

IT IS HEREBY ORDERED that Minarets and Western Railway Company be, and it is hereby, authorized to execute a mortgage or deed of trust substantially in the same form as the mortgage or deed of trust filed in this proceeding and marked "Applicant's Exhibit "K", provided that the authority herein granted to execute a mortgage or deed of trust is for the purpose of this proceeding only, and is granted in so far as this Commission has jurisdiction under the terms of the Public Utilities Act and is not intended as an approval of said mortgage or deed of trust as to such other legal requirements to which said mortgage or deed of trust may be subject;

IT IS HEREBY FURTHER ORDERED that MINARETS AND WESTERN RAILWAY COMPANY be, and it is hereby, authorized to issue and sell at not less than 97 percent. of their face value and accrued interest, \$2,500,000.00 of first mortgage 6 percent. serial gold bonds referred

to in this application, and use the proceeds to pay in part the cost of acquiring and constructing the properties described in applicant's Exhibit C¹.

The authority herein granted is subject to further conditions as follows:-

(1) MINARETS AND WESTERN RAILWAY COMPANY shall keep such record of the issue, sale and delivery of the bonds herein authorized and of the disposition of the proceeds as will enable it to file on or before the 25th day of each month a verified report, as required by the Railroad Commission's General Order No. 24, which order, in so far as applicable, is made a part of this Order.

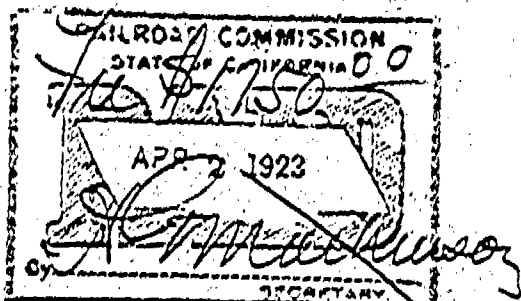
(2) The authority herein granted will become effective upon the payment of the fee prescribed by Section 57 of the Public Utilities Act, and upon the execution of the mortgage and the guarantee referred to in this First Supplemental Order

(3) Applicant shall file with the Railroad Commission a certified copy of the mortgage or deed of trust which it executes pursuant to the authority granted herein, also a certified copy of the guarantee which will be executed by the Sugar Pine Lumber Company.

(4) The authority herein granted to issue bonds will expire on November 1, 1923.

The foregoing First Supplemental Opinion and First Supplemental Order are hereby approved and ordered filed as the First Supplemental Opinion and First Supplemental Order of the Railroad Commission of the State of California.

DATED at San Francisco, California, this 21st day of March, 1923.



Cl. Seaver
W. M. B. ...
W. ...
J. ...
Commissioners