

Decision No. 16899.

In the Matter of the Application of
KEY SYSTEM TRANSIT COMPANY,
a corporation, for an order of the
Railroad Commission of the State of
California authorizing the issue and
sale of \$2,500,000. of first mort-
gage five and one half percent gold
bonds, Series "C".

FIRST SUPPLEMENTAL ORDER

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"1" of Exhibit "2-a" filed with the supplemental petition, while those it is desired to substitute, and to finance with bond proceeds, are described on pages "2" to "14", inclusive, of said Exhibit "2-a".

It appears that the construction of some of the improvements described in Exhibit "2" has and will be delayed, for the reason, among others, that negotiations between municipalities and applicant relative to the rearrangement of some of applicant's service, have not yet been consummated. It is of record that applicant has actually expended \$378,776.39 on various improvements not included in Exhibit "2". To obviate the payment of interest on bonds issued to finance the expenditures described in Exhibit "2" (some of which expenditures will be delayed) and interest on money borrowed because of the expenditure of the \$378,776.39, applicant asks permission to use proceeds obtained from the sale of bonds to finance the expenditures (\$378,776.39) reported in Exhibit "2-a".

The Commission is of the opinion that a further hearing in this matter is not necessary and that the expenditures herein authorized are reasonably required by applicant and are not, in whole or in part, reasonably chargeable to operating expense or to income, therefore,

IT IS HEREBY ORDERED that Key System Transit Company be, and it is hereby, authorized to substitute the expenditures set forth on pages "2" to "14" inclusive, of Exhibit "2-a" attached to the supplemental petition filed in this proceeding on May 22, 1926, for the expenditures set forth on page "1" of said Exhibit "2-a", and to finance said expenditures of \$378,776.39 with proceeds from the sale of the \$2,500,000. of bonds authorized to be issued by Decision No. 15922, dated February 3, 1926.

IT IS HEREBY FURTHER ORDERED that the order in Decision No. 15922, dated February 3, 1926, shall remain in full force and effect, except as modified by this First Supplemental Order.

DATED at San Francisco, California, this 11th day of June, 1926.

H. B. Anderson
Chairman

Leon Whitely

Commissioners.