

LRA

Decision No. 17168

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

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 )  
mortgage five and a half percent )  
gold bonds, Series "C". )

ORIGINAL

Application No. 12428

BY THE COMMISSION:

SECOND SUPPLEMENTAL ORDER

The Railroad Commission by Decision No. 15922, dated February 3, 1926, as amended by Decision No. 16899, dated June 11, 1926, in the above entitled application, authorized Key System Transit Company to issue and sell at not less than 94 percent of face value plus accrued interest \$2,500,000. of its Series "C" first mortgage 5-1/2 percent bonds due July 1, 1938, and to use the proceeds other than accrued interest for the following purposes:

- A. To pay indebtedness contained in applicant's balance sheet filed in this proceeding . . \$493,000.
- B. To pay for construction of additions and betterments described in Exhibit 2 attached to the original application as modified by Exhibit 2-A attached to the First Supplemental Petition, about . \$1,565,304.
- C. To reimburse the treasury, about . . . . . \$291,696.

The company now reports in a second supplemental petition filed in this proceeding on July 15, 1926, that it has used the proceeds from the sale of the bonds in accordance with the terms of the orders in this matter except that it now desires to substitute certain items of expenditures for road and equipment in lieu of certain items appearing in Exhibit 2 and referred to in paragraph B above. The items it is desired to eliminate amount to \$281,390. and are described on page 1 of Exhibit A filed with the second supplemental petition, while those it is desired to substitute and to finance are described on pages 2 to 7, inclusive, of said Exhibit A and amount to \$281,390.18.

Applicant reports that the reason why it desires to make the substitution is that the sum of \$281,390.18 has been expended on road and equipment prior to May 31, 1926, as shown by Exhibit A, and unless the substitution is authorized the amount of money, obtained from the sale of its bonds, for which such substitution is requested will lie idle in the hands of the trustee, under its bond issue, until such time as applicant is in a position to completely finish the work listed on sheet 1 of said Exhibit A, during which time it will be necessary for it to borrow additional money upon which interest will have to be paid.

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 7, inclusive, of Exhibit A attached to the second supplemental petition filed in this proceeding on July 15, 1926, for the expenditures set forth on page 1 of said Exhibit A and to finance said expenditures of \$281,390.18 described on said pages 2 to 7 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, as amended, shall remain in full force and effect except as modified by this Second Supplemental Order.

DATED at San Francisco, California, this 29<sup>th</sup> day of July, 1926.

H. B. ...

C. ...

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Commissioners.