

Decision No. 24756

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of)
 LOS ANGELES RAILWAY CORPORATION) Application No. 18100
 for authority to renew certain notes.)

Gibson, Dunn & Crutcher and Woodward M. Taylor,
 for applicant.

BY THE COMMISSION:

ORIGINALOPINION AND ORDER

Los Angeles Railway Corporation has applied to the Railroad Commission for an order approving the renewals of certain notes now outstanding and authorizing it upon the expiration of the due dates to renew the notes.

The notes in question are as follows:

<u>Date of Issue</u>	<u>Date Due</u>	<u>Payee</u>	<u>amount</u>
Feb. 16, 1932	May 16, 1932	Security-First National Bank	\$ 100,000
Feb. 12, 1932	Jan. 12, 1933	Executors of Estate of Henry E. Huntington, Deceased	400,000
Nov. 27, 1931	Oct. 27, 1932	Do	400,000
Aug. 1, 1931	Aug. 2, 1931	Redondo Improvement Co.	100,000
Dec. 1, 1931	Nov. 1, 1932	Huntington Land & Improvement Co.	500,000
Dec. 1, 1931	Nov. 1, 1932	Do	500,000
Dec. 1, 1931	Nov. 1, 1932	Do	270,000
Dec. 1, 1931	Nov. 1, 1932	Do	233,000
			<u>\$2,503,000</u>

It appears that the indebtedness represented by each of the foregoing notes was incurred in the first instance some years ago in connection with the acquisition of property and equipment, the

retirement of bonds and the payment of other corporate expenses. The original notes were renewed upon maturity, the latest renewals taking place upon the dates of issue indicated in the preceding tabulation.

The renewals of the notes were not authorized by the Commission, although it is clear that such authorization should have been obtained. It appears to us, however, that applicant's failure to obtain permission from the Commission for the renewal of the notes was through inadvertence and with no intent to evade the provisions of the Public Utilities Act. When the matter of the necessity of securing approval of the Commission was brought to the company's attention, it filed this present application.

We do not believe that we can make an order approving the renewal of the now outstanding notes for the reason that, in our opinion, such notes are void, and we cannot make an order approving a void act. We will make an order authorizing the company to issue new notes and to renew the same upon maturity from time to time for a total period of five years from the date hereof.

It is the opinion of the Commission that this application is not a matter in which a public hearing is necessary, that the money, property or labor procured or paid for through the issue of the notes is reasonably required by applicant, and that the application should be granted, as herein provided, therefore,

IT IS HEREBY ORDERED, that Los Angeles Railway Corporation be, and it is hereby, authorized to issue promissory notes in the aggregate principal amount of not exceeding \$2,503,000.00, such notes to bear interest at not exceeding six percent per annum, to be payable on or before five years after the date thereof, and to be issued for the purpose of paying or refunding the \$2,503,000.00 of indebtedness represented by ^{the} aforesaid notes which applicant issued or endorsed without permission from the Commission, provided that if said Los

Angeles Railway Corporation issues a note or notes under the authority herein granted for a term of less than five years, it may in payment of such note or notes issue from time to time a renewal note or notes, none of which renewal note or notes, however, may mature later than five years after the effective date of this order.

IT IS HEREBY FURTHER ORDERED, that Los Angeles Railway Corporation shall keep such record of the issue of the notes herein authorized as will enable it to file within thirty (30) days thereafter a verified report, as required by the Railroad Commission's General Order No. 24, which order, insofar as applicable, is made a part of this order.

IT IS HEREBY FURTHER ORDERED, that the authority herein granted will become effective when applicant has paid the fee prescribed by Section 57 of the Public Utilities Act, which fee is One Thousand Seven Hundred and Fifty-one and 50/100 (\$1,751.50) Dollars.

DATED at San Francisco, California, this 9th day of May, 1932.



C. C. [Signature]
Leon [Signature]

M. P. [Signature]

Fred G. [Signature]
Commissioners.