

BEFORE THE RAILROAD COMMISSION OF THE
STATE OF CALIFORNIA.

In the matter of the application of
Northern Electric Railway Company-
Marysville and Colusa Branch- a
corporation, for an order authorizing
the issue of bonds.) Application No. 65.

T. T. C. Gregory, Esq., for Applicant.

O P I N I O N

Edgerton, Commissioner.

This is an application by Northern Electric Railway Company- Marysville and Colusa Branch- for an order authorizing the issuance by applicant of \$1,100,000.00 face value of thirty year five per cent bonds under a mortgage executed to the Mercantile Trust Company December 1, 1911, said mortgage providing for a total issue of \$1,500,000.00 face value of bonds.

Applicant is a corporation organized in April, 1910 under the laws of California for the principal purpose of building and operating a railroad commencing in the City of Marysville, Yuba County, running thence in a westerly and northwesterly direction to and through the town of Yuba City, Sutter County, thence to and in the town of Colusa, Colusa County, the estimated total length being about 30 miles.

The condition of the capitalization of applicant is as follows:

Authorized capital stock all common	\$1,500,000.00,
all of which is issued and outstanding.	
Bonds authorized	1,500,000.00.
Bonds issued	150,000.00.

Subsequent to the formal hearing in this matter, applicant requested that the Commission issue a preliminary order authorizing the issuance of \$600,000.00 face value of

bonds, leaving the remainder of \$500,000.00 face value of bonds asked for in the application, to be considered by the Commission later in a final order. Applicant urged that it was in immediate need of obtaining funds with which to pay indebtedness for materials already purchased for the construction of its road and for the purchase of additional materials and other property set out in the application.

Before finally passing upon the request contained in the application that \$1,100,000.00 face value of bonds be authorized, the whole subject of the capitalization of this corporation should be considered more thoroughly than it has been possible to do, but the necessities of applicant are such that it will be unwise to withhold this preliminary order until a conclusion can be arrived at as to the total amount of bonds asked for in the application.

The money obtained from the sale of these bonds is proposed to be used for the purpose of acquiring rights-of-way and terminal properties; the construction and completion of a standard gauge commercial road for the transportation of passengers, freight, mail, baggage and express over the route above described, to be operated by a third rail electric system, and the construction and erection of a combined railroad and highway bridge across the Sacramento River at Meridian, all as set out in detail in the application on file herein.

The preliminary order authorizing the issuance of \$600,000.00 face value of bonds may properly be made at this time because the money to be derived from the sale of these bonds is to be used in constructing and acquiring property useful to the railroad when completed, and by agreement with the applicant the status of the capitalization of applicant is to remain as it is now, awaiting further order of this Board.

I therefore recommend that the application be granted as to \$500,000.00 face value of bonds and that as to the remaining

bonds mentioned in said application that they be made the subject of an order of this Commission hereafter to be made and entered.

The following form of order is herewith submitted:

ORDER

Application having been made to the Railroad Commission of the State of California by Northern Electric Railway Company-Marysville and Colusa Branch, for an order authorizing the issue by said company of \$1,100,000.00 face value of first mortgage, five per cent sinking fund thirty year gold bonds, dated December 1, 1911;

and a hearing having been duly held and it appearing to the Commission that the money to be secured by the issue of \$600,000.00 face value of said bonds is necessary and reasonably required by said company for the discharge of its obligations, and the acquiring of rights-of-way and other property, and that the purposes for which the proceeds of the sale of said bonds are to be used are not in whole, or in part, reasonably chargeable to operating expenses or income,

IT IS HEREBY ORDERED that the Railroad Commission of the State of California does hereby authorize the issue by Northern Electric Railway Company-Marysville and Colusa Branch- of \$600,000.00 face value of first mortgage, thirty year sinking fund gold bonds, bearing interest at the rate of five per cent per annum, payable semi-annually on the 1st day of each June and December, beginning on the 1st day of June, 1912, said bonds to be dated the 1st day of December, 1911, and to be numbered from 151 to 750, both inclusive, and to be issued under and in pursuance of the terms of a mortgage and deed of trust dated the 1st day of December, 1911, executed by Northern Electric Railway Company- Marysville and Colusa Branch- to Mercantile Trust Company of San Francisco, a copy of which said mortgage and deed of trust is on file with the application

herein, upon the following conditions, not otherwise:

1. The Railway Company shall sell the bonds hereby authorized so as to net said company not less than 85 per cent of the face value thereof, plus accrued interest at the date of their delivery to the purchaser.

2. The proceeds from the sale of said bonds shall be used for the following purposes only:

For the acquisition of rights-of way and terminal properties.

The construction of a standard gauge commercial road for the transportation of passengers, freight, mail, baggage and express over the route described in application and exhibits attached thereto, to be operated by a third rail electric system and by the construction and erection of a combined railroad and highway bridge across the Sacramento River at Meridian, or the accomplishment of such part of the above purposes as may be possible with the money derived from the sale of the bonds hereby authorized, all of said purposes being more fully described in the application and exhibits attached thereto.

3. Said company shall keep separate, true and accurate accounts showing the receipt and application in detail of the proceeds of the sale of said bonds hereby authorized to be issued and on or before the 25th day of each month the company shall make a verified report to the Commission in accordance with the Commission's General Order No. 24, stating the sale or disposition of said bonds during the preceding month, the terms of conditions of such sale or other disposition, the moneys realized thereby and the use and application of such moneys.

4. The authority hereby given to issue such bonds shall apply only to bonds issued by said company on or before the

50th day of July, 1912.

The foregoing opinion and order are hereby approved and ordered filed as the opinion and order of the Railroad Commission of the State of California.

Dated at San Francisco, California, this 15th day of July, 1912.

John M. Estlin
W. Gordon
Edwin C. Edgerton

Commissioners.