

Decision No. _____

ORIGINAL

Decision No. 3397

BEFORE THE RAILROAD COMMISSION OF THE
STATE OF CALIFORNIA.

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In the Matter of the Application of) SANTA CATALINA ISLAND COMPANY,) a corporation, for an order author-) izing the issue of bonds.)) <u>Application</u>) <u>No. 2315.</u>
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S.M. Haskins for applicant.

EDGERTON, Commissioner.

O P I N I O N .

In this application SANTA CATALINA ISLAND COMPANY asks authority to issue \$1,000,000.00 face value of first mortgage 6 per cent. gold bonds at not less than 95% of the face value thereof plus accrued interest. The bonds mature June 1, 1926.

A copy of applicant's proposed deed of trust securing the payment of the bonds is attached to the application and marked Exhibit "A".

The evidence in support of the application shows that Santa Catalina Island Company owns all of Santa Catalina Island, Los Angeles County, except a few lots; that its property is appraised at more than \$2,000,000; that it owns all of the capital stock of Wilmington Transportation Company, whose assets it values at more than \$200,000; that it has \$600,000 face value of bonds outstanding; that it will use \$600,000 face value of the proposed bond issue to redeem or refund the outstanding bonds and that it

will use the remaining \$400,000 face value of bonds to pay for improvements.

Applicant owns a small water plant and a small electric plant at Avalon. The value of its public utility property is reported at approximately \$40,000, or less than 2% of the total appraised value of applicant's property.

On May 18, 1916, the Commissioner of Corporations of the State of California issued an order authorizing Santa Catalina Island Company to issue \$1,000,000 face value of bonds referred to in this application. The decision authorizes applicant to use \$600,000 of the bonds to pay or refund outstanding bonds and to sell the remaining \$400,000 at not less than 95% of the face value thereof plus accrued interest.

At present applicant does not contemplate the expenditure of any of the proceeds from the sale of the bonds for additions and betterments to its public utility property.

This Commission is not concerned in the expenditure of the proceeds from the sale of the bonds for other than public utility purposes. The order will, therefore, provide that if applicant should expend any of the proceeds from the sale of the bonds for public utility purposes, it shall report the same to this Commission.

I herewith submit the following form of order.

O R D E R.

SANTA CATALINA ISLAND COMPANY having applied to the Commission for an order authorizing it to issue \$1,000,000 face value of first mortgage six per cent. gold bonds,

And a public hearing having been held and it appearing that the purposes for which applicant herein proposes to issue said bonds are not in whole or in part reasonably chargeable to operating expenses or to income,

IT IS HEREBY ORDERED that Santa Catalina Island Company be given authority, and it is hereby given authority, to issue \$1,000,000 face value of first mortgage six per cent. gold bonds.

IT IS HEREBY FURTHER ORDERED that Santa Catalina Island Company be given authority, and it is hereby given authority, to execute a mortgage or deed of trust substantially in the same form and tenor as the mortgage or deed of trust attached to the application herein and marked Exhibit "A".

The authority herein given is given upon the following conditions and not otherwise:

- (1).- Applicant shall use \$600,000 face value of bonds herein authorized to be issued to pay or refund outstanding bonds of a like amount.
- (2).- Applicant shall sell the remaining \$400,000 face value of bonds herein authorized to be issued at not less than 95% of the face value thereof plus accrued interest.
- (3).- The approval herein given of said mortgage or deed of trust is for the purpose of this proceeding only and an approval 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.
- (4).- Santa Catalina Island Company shall keep separate, true and accurate account showing the receipt from the sale of the bonds herein authorized and the application of the proceeds therefrom in so far as the same may be expended for public utility purposes; and on or before the twenty-fifth day of each month the company shall make verified reports to the Commission stating the sale or sales of said bonds during the preceding month, the terms and conditions of the sale, the moneys realized therefrom, the use and application

of such moneys in so far as the same are expended for public utility purposes, all in accordance with this Commission's General Order No. 24, which order in so far as applicable is made a part of this order.

(5)- The authority herein granted is conditioned upon the payment by the applicant of the fee prescribed in the Public Utilities Act as amended.

(6)- The authority herein granted will apply only to such bonds as shall have been issued on or before December 31, 1918.

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.

June
May, 1916.

Dated at San Francisco, California, this 3rd day of

H. S. Loveland

Edwin O. Edgerton
Frank R. Berlin

Commissioners.