Decision No. 431

BEFORE THE RAILROAD COMMISSION OF THE STATE OF

CALIFORNIA

ORIGINAL

Decision No. 431

In the Matter of the Application of Moulton Irrigated Lands Company for Authority to Mortgage Its Property and to Issue Bonds in the Amount of $250,000.00)

Application No. 353.

John L. Hudner for applicant
O. K. Cushing for First Federal Trust Company

LOVELAND, Commissioner:

OPINION

This is an application by Moulton Irrigated Lands Company for authority to create a mortgage upon 15,000 acres of land located in Colusa, Glenn and Sutter counties, and to issue and sell thereunder Ten-year Serial Six Per Cent. First Mortgage Bonds in the sum of $250,000.00.

Moulton Irrigated Lands Company is the owner of some 18,000 acres of land and is engaged principally in the business of cultivating, developing and selling these lands.

In its application, Moulton Irrigated Lands Company stated that it did not regard itself a public utility, but applied to the Railroad Commission nevertheless, for authority to issue the bonds, because the First Federal Trust Company of San Francisco, California, the prospective purchaser of the bonds, had required that it obtain an authorization from the Railroad Commission before the Trust Company would accept the trust or take the bonds.

It appears, however, that the articles of incorporation of Moulton Irrigated Lands Company provide that it may sell water for irrigation and domestic purposes. Applicant is engaged in furnishing water to certain lessees of its lands under contract.

The applicant joined with the First Federal Trust Company in requesting that the Commission assume jurisdiction in this matter, and the law department of the Commission holding that the Commission had jurisdiction, a hearing was duly held.

The applicant placed its total indebtedness at approximately $420,000.00. Of this amount $225,000.00 consists of a mortgage indebtedness upon 16,000 acres of land in Colusa, Glenn and Sutter counties. It is now proposed by applicant to issue bonds under a new mortgage upon this same tract of 16,000 acres of land and from the proceeds from the sale of said bonds to pay the indebtedness of $225,000.00, and to apply the balance upon a note payable to the Bank of Hollister. Applicant has contracted to sell the bonds to the First Federal Trust Company.

Evidence was presented to show that the value of the 16,000 acres of land was greatly in excess of the proposed bond issue of $250,000.00.

I recommend that the application be granted, and submit herewith the following order:

<u>O R D E R</u>

Moulton Irrigated Lands Company having applied to this Commission for an order authorizing the execution by said company of a mortgage on a tract or tracts of land embracing 16,000 acres in Colusa, Glenn and Sutter counties, to First Federal Trust Company of San Francisco, to secure an issue of bonds in the sum of $250,000.00;

And Moulton Irrigated Lands Company having applied to this Commission for an order authorizing it to issue $250,000.00 of Six Per Cent. Ten-Year Serial Bonds under that certain mortgage and deed of trust to the First Federal Trust Company filed by applicant with this Commission;

IT IS HEREBY ORDERED that Moulton Irrigated Lands Company be, and it is hereby authorized to execute a mortgage to First Federal Trust Company of San Francisco, as applied for; and

IT IS HEREBY ORDERED that Moulton Irrigated Lands Company be, and it is hereby authorized to issue $250,000.00 face value of principal of said bonds upon the following conditions, and not otherwise:

(1) Moulton Irrigated Lands Company shall sell the bonds herein authorized, to net said company not less than 95 per cent. of the face value of the principal thereof and accrued interest thereon.

(2) The proceeds from the sale of said bonds shall be applied to the payment of the existing mortgage indebtedness due First Federal Trust Company of San Francisco in the sum of $225,000.00, and the balance shall be applied upon the notes payable as listed by Moulton Irrigated Lands Company in its application before this Commission.

(3) Moulton Irrigated Lands Company shall keep separate, true and accurate accounts showing the receipt and application in detail of the proceeds of the sale of the bonds herein authorized to be issued, 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 sale, the moneys realized therefrom, and the use and application of such moneys, all in accordance with this Commission's General Order No. 24, which order, insofar as applicable, is made a part of this order.

(4) The proceeds from the sale of said bonds shall be used only as provided in the Public Utilities Act.

The authority hereby given to issue such bonds shall apply only to bonds issued by said company on or before the thirty-first day of December, 1913.

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

Dated at San Francisco, California, this 30th day of January, 1913.

John M Eshleman

H. D. Loveland

Alex Gordon

Commissioners.