

ORIGINAL

Decision No. 4639

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BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Appli-)
cation of HUMBOLDT TRANSIT)
COMPANY for permission to)
issue bonds.)

Application No. 3143

Carter P. Pomeroy, for applicant.

C. P. Cutten for Gwynedde A. Tower and
Valentine Grossetti, protestants.

BY THE COMMISSION.

O P I N I O N

This is an application for authority to issue a one-day note in the sum of \$20,000.00 with interest at the rate of 6 per cent per annum, payable to the First National Bank of Eureka and to issue and pledge 40 Humboldt Transit Company first mortgage 5 per cent bonds of the face value of \$40,000.00 to secure the payment of the note. The note is to be issued to take up a similar note now held by said bank, but bearing interest at the rate of 7 per cent per annum.

A public hearing upon the application was held by Examiner Westover in San Francisco.

The note which applicant desires to refund represents the unpaid portion of an indebtedness of approximately \$100,000.00 incurred prior to the effective date of the Public Utilities Act. Witness for applicant testified that the proceeds were used for additions to the company's plant and system.

Authority for the issue of this note was originally granted by this Commission in Decision Number 930, dated September 3, 1913, (Vol. 3, Opinions and Orders of the Railroad Commission of California, page 542).

In a supplemental order, dated February 3, 1915, Decision Number 2122, (Vol. 6, Opinions and Orders of the Railroad Commission of California, page 138) the Commission authorized applicant to issue a renewal note to be executed jointly by Humboldt Transit Company and William Butterworth, its president. The note which applicant now desires to issue is for the purpose of refunding this latter note and will be similarly executed as a joint note.

Although the note now outstanding bears interest at the nominal rate of 7 per cent per annum, the testimony shows that for the past eighteen months by agreement of the Bank, applicant has paid interest at the rate of 6 per cent instead of 7.

Prior to the hearing of the present application a written protest to the pledge of any bonds by applicant was filed by Gwynedde A. Tower and Valentine Grossetti. At the hearing these protestants were represented by counsel.

Protestants appeared to have been under the impression that the granting of this application would increase applicant's outstanding bonded indebtedness. As this is not the case and as applicant's only purpose is to continue in effect the indebtedness now outstanding until such time as

the same can be repaid; it does not appear that protestants will be placed in any different position from that which they now occupy by the granting of this application. This fact was explained to counsel for protestants who appeared satisfied that no substantial injury would be done his clients by the granting of the petition.

O R D E R

HUMBOLDT TRANSIT COMPANY having applied to this Commission for authority to issue a one-day promissory note payable to the First National Bank of Eureka in the sum of \$20,000.00 bearing interest at 6 per cent per annum and secured by pledge of \$40,000.00 first mortgage 5 per cent bonds for the purpose of renewing a note in a similar amount now outstanding;

And a public hearing having been held;

And it appearing to this Commission that the money to be secured by such issue is reasonably required for the purpose specified in the order which purpose is not in whole or in part reasonably chargeable to operating expenses or to income;

IT IS HEREBY ORDERED that Humboldt Transit Company be, and it is hereby, authorized to issue a 6 per cent one-day note payable to the First National Bank of Eureka in the principal sum of \$20,000.00 and to issue and pledge as collateral security for said note, \$40,000.00 of its first mortgage 5 per cent bonds.

This authority is granted upon the following condition and not otherwise:-

1.-Said note shall be issued to take up a note of the same face value issued by applicant to the First National Bank of Eureka under authority of this Commission's

Decision Number 2122, dated February 3, 1915.

2.-The bonds hereby authorized to be issued shall be pledged in such a ratio that the face value of the note shall never be less than 50 per cent of the face value of the bonds pledged. Upon the payment of the note hereby authorized to be issued or any part thereof the bonds pledged as collateral, or a proportionate amount if only part of the note be paid, shall be returned to applicant's treasury and thereafter issued only upon order of the Railroad Commission.

3.-Humboldt Transit Company shall keep separate, true and accurate accounts showing the receipt and application in detail of the proceeds of the sale of the note herein authorized to be issued; and on or before the twenty-fifth day of each month the company shall make verified reports to the Railroad Commission stating the sale or sales of said notes during the preceding month, the terms and conditions of the 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, in so far as applicable, is made a part of this order.

4.-The authority herein given to issue said promissory note shall apply only to such note as shall have been issued prior to January 31, 1918.

Dated at San Francisco, California, this 13th day of September, 1917.

Max Thelen
H. H. ...
Edwin O. Edgerton

Commissioners.