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ORIGINAL

Decision No. 5437

Decision No. \_\_\_\_\_

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA.

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In the Matter of the Application of )  
PETALUMA & SANTA ROSA RAILWAY COMPANY, )  
a corporation, for an order authoriz- )  
ing the renewal of notes. )

Application Number 3776.

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H. Von Emster, for applicant.

BY THE COMMISSION:

O P I N I O N.

PETALUMA & SANTA ROSA RAILWAY COMPANY in its amended petition herein asks authority to issue notes having an aggregate face value of \$59,600.00 and \$80,000.00 of its first mortgage bonds. It desires authority to pledge the bonds to secure the payment of the \$59,600.00 of notes.

A hearing in this application was held before Examiner Westover at San Francisco on May 25, 1918.

By Decision Number 541, dated April 1, 1913, (Vol. 2, Opinions and Orders of the Railroad Commission, page 537) the Railroad Commission authorized the Petaluma & Santa Rosa Railway Company to issue \$64,000.00 face value of notes and \$80,000.00 of first mortgage 5 per cent 20-year bonds, said bonds to be pledged as collateral security in payment for the notes.

Applicant reports that pursuant to the authority granted in said decision, it issued the following notes:

<u>Payee</u>	<u>Date</u>	<u>Term</u>	<u>Interest</u>	<u>Face Amount</u>
Sonoma County National Bank	5-29-1913	1 Year	6%	\$32,000.00
American National Bank	4-5-1913	Demand	6%	20,000.00
American National Bank	5-27-1913	Demand	6%	6,000.00
American National Bank	5-27-1913	Demand	6%	<u>6,000.00</u>
				\$64,000.00

The sum of \$4,400.00 has been paid on the American National Bank note dated April 5, 1913, and the note transferred to the First Savings Bank of Oakland. One of the American National Bank notes of March 27, 1913, has been transferred to Sarah L. Coffin. All three of the notes originally issued to American National Bank have been renewed without authority from the Railroad Commission. The testimony shows that the notes were not renewed with an intent to evade the Public Utilities Act, but through inadvertence and ignorance of the provision of the act.

The moneys obtained through the issue of the original \$64,000.00 of notes were used to extend applicant's line of railway from Liberty Station, Sonoma County, to Two Rock.

Applicant reports that a large majority of its stock and bondholders have approved a reorganization plan, which if finally put into effect, will enable it to pay off all the notes it now desires to issue. Because of the statute of limitations, it becomes necessary to renew the notes so as to maintain applicant's status quo.

O R D E R.

PETALUMA & SANTA ROSA RAILWAY COMPANY having applied to the Railroad Commission for authority to issue notes and bonds, a public hearing having been held, and the Railroad Commission being of the opinion that the money, property or labor to be procured or paid for by the issue of said notes is reasonably required for the purpose

or purposes specified in the order and that such purpose or purposes are not in whole or in part reasonably chargeable to operating expenses or to income;

IT IS HEREBY ORDERED that Petaluma & Santa Rosa Railway Company be, and it is hereby, granted authority to issue \$59,600.00 face value of 6 per cent notes and to issue and pledge as collateral security for said notes, \$80,000.00 of its first mortgage 5 per cent 20-year bonds, upon the following conditions and not otherwise:

(1).-- The notes herein authorized shall be issued to the following persons for the purpose of refunding the indebtedness, for the following terms, at the following rates of interest and to be secured by the following bonds:

<u>P a y e e</u>	<u>Term</u>	<u>Int- erest</u>	<u>Face Value of Notes</u>	<u>Serial No. of bonds Pledged</u>
Sonoma County National Bank	1 Year	6%	\$32,000	#791-830
First Savings Bank of Oakland	Demand	6%	15,600	#751-774
American National Bank	Demand	6%	6,000	#775-782
Sarah L. Coffin	Demand	6%	6,000	#783-790

(2).-- Upon the payment of the notes herein authorized to be issued, or any of them, the bonds pledged to secure the payment of said note or notes shall be returned to applicant's treasury and thereafter issued only as authorized by the Railroad Commission.

(3).-- Petaluma & Santa Rosa Railway Company shall keep separate, true and accurate accounts showing the receipt and application in detail of the proceeds of the issue of the notes and bonds herein authorized and on or before the twenty-fifth day of each month the company shall make verified reports to the Railroad Commission in accordance with the Commission's General Order No. 24, which order, in so far as applicable, is made a part of this order.

(4).-- The authority herein granted shall apply only to such notes and bonds as may be issued on or before October 1, 1918.

Dated at San Francisco, California, this 27th day of May, 1918.

Max J. Green  
H. J. Leonard  
W. J. Gordon  
Edwin D. Edgerton  
Francis R. Dolan

Commissioners.

