

Decision No. 7162.

ORIGINAL

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA.

In the Matter of the Application)
of NEVADA COUNTY NARROW GAUGE) Application No. 5230.
RAILROAD COMPANY for the issuance)
of bonds.)

Jesse H. Steinhart for applicant.

LOVELAND, Commissioner.

O P I N I O N

Nevada County Narrow Gauge Railroad Company asks permission to issue 5% bonds, due April 1, 1943, for the purpose of paying or refunding 7% bonds now outstanding.

Applicant reports \$250,200. of stock and \$89,000. of its 7% and \$50,000. of its 5% bonds outstanding on December 31, 1919. In addition, it reports \$153,999.72 of funded debt retired through surplus and additions to property through income and surplus, representing \$231,383.62.

The \$89,000. includes \$6,000., while the \$50,000 includes \$4,000. of bonds reacquired by applicant and held in its treasury. The testimony shows that the \$89,000. of 7% bonds mature as follows:

\$16,000. in January, 1920
16,000. in January, 1921
18,000. in January, 1922
19,000. in January, 1923
20,000. in January, 1924

The record shows that it is applicant's intention to refund the outstanding 7% bonds through the issue of its 5% bonds and through the use of surplus earnings. It asks permission to issue its 5% bonds at not less than 75, which would

be on a basis slightly in excess of 7%. It is not the intention of applicant to call the 7% bonds prior to maturity, but to make at this time the necessary arrangements for their refunding or payment as they mature. The order herein will provide that applicant may issue its 5% bonds in face amount equal to the 7% bonds outstanding, and that such bonds be issued on a basis that the effective interest rate will not exceed 7%. Any additional sums which may be necessary to pay or refund the outstanding 7% bonds should be obtained from applicant's surplus earnings or from sources other than the issue of bonds.

I herewith submit the following form of order:

O R D E R

NEVADA COUNTY NARROW GAUGE RAILROAD COMPANY having applied to the Railroad Commission for permission to issue 5% bonds to refund outstanding 7% bonds, a public hearing having been held, and the Railroad Commission being of the opinion that the money to be procured through the issue of such bonds is reasonably required for the purpose stated in this order and that the expenditures for such purpose are not in whole or in part reasonably chargeable to operating expenses or to income,

IT IS HEREBY ORDERED that Nevada County Narrow Gauge Railroad Company be, and it is hereby authorized to issue not exceeding \$89,000. face value of its 5% bonds, due April 1, 1943, for the purpose of paying or refunding its 7% bonds as the same may become payable, the issue of such 5% bonds being subject to the following conditions:

1. Of the bonds herein authorized, \$16,000. may be issued in 1920; \$16,000. in 1921; \$18,000. in 1922; \$19,000. in 1923; and \$20,000. in 1924; provided that all of said bonds be

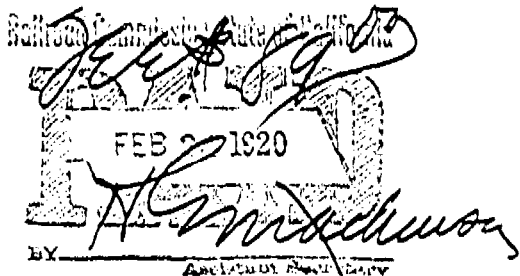
issued and sold at a price which will not result in an effective interest rate in excess of 7%. Any moneys, other than the moneys obtained through the issue and sale of the 5% bonds herein authorized, which may be necessary to redeem the outstanding 7% bonds as they mature, shall be paid by applicant out of surplus earnings or be obtained from sources other than through the issue of additional bonds.

2. Nevada County Narrow Gauge Railroad Company shall keep such record of the issue and sale of the bonds herein authorized and of the disposition of the proceeds as will enable it to file on or before the 25th day of each month, a verified report as required by the Railroad Commission's General Order No. 24, which order, in so far as applicable, is made a part of this order.

3. The authority herein granted to issue bonds will not become effective until applicant has paid the fee prescribed by the Public Utilities Act.

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 21st day of February, 1920.



Edwin C. Edgerly
H. D. Loveland
Frank C. DeWitt
Erving Mattis
Commissioners.