

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA.

In the matter of the application
of HUMBOLDT TRANSIT COMPANY for
authority to execute a note in the
amount of \$20,000.

Application No. 699.

Horace R. Hudson, for applicant.

WEBBEN, Commissioner.

O P I N I O N.

This is an application for authority to issue a demand note in the sum of \$20,000, with interest at the rate of 7% per annum, payable to the First National Bank of Eureka, California, and secured by 40 Humboldt Transit Company first mortgage 5% bonds of the face value of \$40,000, to take up a similar demand note now held by said bank, but bearing interest at the rate of 6% per annum.

Applicant operates the street railway system of Eureka, and also buys and sells oil. The present note for \$20,000 represents a consolidation on December 31, 1911, of various notes at that time outstanding. The rate of interest at first was 7% but was later reduced to 6%. The proceeds of the notes which were consolidated were used mostly for the Myrtle Avenue extension in Eureka and for the purchase of new cars.

Applicant's treasurer testified that the First National Bank of Eureka had made written request that the existing note be taken up by a new demand note, bearing interest at the rate of 7%, for the reason that money in Eureka is now worth 7%. Applicant's treasurer testified that, in his opinion, applicant would have to pay the additional 1% interest, and that applicant desired authority to issue the new note, as requested by the bank. While ordinarily, I would not like to recommend the issue of a 7% note to take up an

outstanding 6% note, I believe that the peculiar circumstances of this case at this particular time justify the granting of the application.

I recommend the following form of order:

O R D E R.

HUMBOLDT TRANSIT COMPANY having applied to the Railroad Commission for authority to issue its demand note for twenty thousand dollars (\$20,000), payable to the First National Bank of Eureka, bearing interest at the rate of seven (7) per cent per annum, and secured by forty (40) of applicant's five (5) per cent bonds, face value, forty thousand dollars (\$40,000), to refund a promissory note of applicant in the same amount, now held by the First National Bank of Eureka, and a public hearing having been held on said application, and it appearing that the proceeds from the note which it is now desired to refund were used for proper capital expenditures,

IT IS HEREBY ORDERED that said application be and the same is hereby granted on the following conditions and not otherwise, to-wit:

1. Said note shall be issued for not less than its face value and shall bear interest at a rate not to exceed seven (7) per cent per annum.

2. Humboldt Transit Company shall report to the Railroad Commission the fact of the execution of the note hereby authorized to be issued and the date thereof.

3. This order shall not become effective until the fee specified in Section 57 of the Public Utilities Act, as amended, has been paid.

4. The authority hereby given to issue said promissory note shall apply only to such note as may have been issued prior to the first day of November, 1913.

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 3rd day of September, 1913.

John W. Eschleman

H. S. ...

...

Max ...

Edwin O. Edgerton

Commissioners.

Railroad Commission, State of California

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BY: H. M. ...
Assistant Secretary