

Decision No. 31032

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of
CLOVER VALLEY LUMBER COMPANY, a
Nevada corporation, for an order
authorizing and permitting said
corporation to execute a deed of
trust and chattel mortgage.

} Application No. 22049

ORIGINAL

BY THE COMMISSION:

O P I N I O N A N D O R D E R

In this proceeding, Clover Valley Lumber Company, a corporation asks permission to issue notes in the amount of \$250,000.00 and execute a deed of trust and a chattel mortgage to secure the payment of such notes.

The Clover Valley Lumber Company is engaged in the lumber business in the town of Loyalton, Sierra County, California. It has extensive real estate holdings in Sierra and Plumas Counties on which there is a great quantity of standing timber. It also has real estate holdings in Nevada. It is engaged in the business of manufacturing lumber. Its plant is located in the town of Loyalton. Incidental to its lumber operations, the company is engaged in the distribution of water and electric energy to residents of the town of Loyalton and vicinity. The property and equipment used in the distribution of water and electric energy are integral parts of its lumber plant and cannot be segregated or divided from its non-operating properties.

Applicant intends to issue to the Bank of America, National Trust and Savings Association, its notes for the face value of \$250,000.00 and use the proceeds to pay indebtedness. The notes

bear interest at the rate of 6% per annum and mature over a period of three years. To secure the payment of the notes it intends to execute a deed of trust and a chattel mortgage which will be a lien on all of its real and personal properties including the properties used in supplying water and electric energy. A copy of the proposed deed of trust and a copy of the proposed chattel mortgage are on file in this proceeding. We find them to be in satisfactory form.

The company also asks that it be permitted to issue its notes for future advances. The amount of the future advances is not shown in the application. We will not grant applicant a blanket authority to issue notes. If applicant finds it necessary to issue additional notes, it should file a supplemental application for permission to issue said notes.

The Commission has considered the request of applicant and is of the opinion that this is not a matter on which a public hearing is necessary, that the money, property or labor to be procured or paid for by the issue of said \$250,000.00 notes is reasonably required by applicant for the purpose herein stated, and that this application should be granted, subject to the provisions of this opinion and order, therefore,

IT IS HEREBY ORDERED, that Clover Valley Lumber Company, be, and it is hereby, authorized, after the effective date hereof and prior to September 1, 1938, to issue to the Bank of America, National Trust and Savings Association, its notes in the face amount of \$250,000.00 and use the proceeds realized through the issue of said notes to pay indebtedness.

IT IS HEREBY FURTHER ORDERED, that Clover Valley Lumber Company be, and it is hereby, authorized, for the purpose of securing the payment of said notes, to execute a deed of trust and a chattel

mortgage filed in this proceeding, provided that the authority herein granted to execute said deed of trust and said chattel mortgage is for the purpose of this proceeding only and is given only in so far as this Commission as jurisdiction under the terms of the Public Utilities Act, and is not intended as an approval of said deed of trust and said chattel mortgage as to such other legal requirements to which they may be subject.

IT IS HEREBY FURTHER ORDERED, that the authority herein granted will become effective when applicant has paid the fee prescribed by Section 57 of the Public Utilities Act, which fee is \$250.00.

IT IS HEREBY FURTHER ORDERED, that within thirty (30) days after the issue of said notes, Clover Valley Lumber Company shall file with the Railroad Commission, a statement showing the purposes for which it expended the proceeds realized from the issue of said notes.

DATED at San Francisco, California this 27th day of June 1938.

William H. ...
Leon A. ...
Francis R. ...
Raymond ...
Ray & ...
COMMISSIONERS

