

Decision No. 37823

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of

DUMBARTON BRIDGE COMPANY,  
a corporation,

for an order authorizing the issue  
of notes.

**ORIGINAL**

Application  
No. 26655

BY THE COMMISSION:

O P I N I O N

Dumbarton Bridge Company, a corporation owning and operating a vehicular toll-bridge over and across San Francisco Bay, has applied to the Railroad Commission for an order authorizing it to issue its promissory notes in the aggregate amount of \$300,000 for the purpose of financing in part the cost of paying and redeeming its outstanding bonds.

It is reported that the company has outstanding \$329,500 of first mortgage bonds, out of an original issue of \$900,000. The bonds are dated as of January 1, 1925, and bear interest at the rate of 6-1/2 per cent per annum, payable semi-annually. They mature on or before January 1, 1951. The bonds were issued and sold during 1925 to finance in part the cost of constructing applicant's bridge properties.

The application shows that the company intends to redeem all of its outstanding bonds on July 1, 1945, and that in order to provide funds for such purpose it proposes to borrow the sum of \$150,000 from Crocker First National Bank of San

Francisco and a like amount from American Trust Company, each of said loans to be evidenced by a promissory note in the principal sum of \$150,000 payable in quarterly installments of \$3,125, with the balance payable five years from date thereof, and bearing interest at the rate of 4 per cent, payable monthly. A copy of a proposed credit agreement between the company and the banks is on file in this application as Exhibit "A."

The company's proposal will result in a reduction of its indebtedness and in the annual interest and amortization charges against the company's income. In this connection financial reports filed with the Commission by applicant show, for the calendar years 1940 to 1944, inclusive, the following:

	<u>1940</u>	<u>1941</u>	<u>1942</u>	<u>1943</u>	<u>1944</u>
Toll revenues	<u>\$100,484</u>	<u>\$105,891</u>	<u>\$94,804</u>	<u>\$96,194</u>	<u>\$106,651</u>
Profit available for fixed charges and depreciation	47,052	50,480	42,692	45,993	62,264
Bond interest and expense	<u>29,862</u>	<u>29,963</u>	<u>22,871</u>	<u>24,653</u>	<u>23,569</u>
Balance	17,190	20,517	19,821	21,340	38,695
Depreciation	<u>44,194</u>	<u>43,960</u>	<u>43,956</u>	<u>44,093</u>	<u>43,777</u>
Net loss	<u>\$27,004</u>	<u>\$23,443</u>	<u>\$24,135</u>	<u>\$22,753</u>	<u>\$ 5,082</u>

In connection with its outstanding bonds the company is required to deposit with the trustee under its trust indenture on or before March 31 of each year, as a sinking fund for the benefit of such bonds, either in cash or in bonds at their face value, a sum equal to 75 per cent of the amount by which its revenues for the preceding calendar year exceed its expenditures for said year, amortization and depreciation not being classed as expenditures for this purpose. Under this provision

the company's reports show deposits of \$29,021 in 1945, of \$16,004 in 1944, of \$14,865 in 1943, of \$15,388 in 1942, and of \$12,892 in 1941.

With the issue of the \$300,000 of notes, applicant will be called upon to make annual repayments in the amount of \$25,000. Its interest charges, at 4 per cent, will be substantially less than the present charges to service the outstanding bonds. The company's balance sheet filed in the proceeding indicates that it should have ample funds on hand to provide that portion of the total redemption costs which will not be obtained through the issue of the notes.

O R D E R

Dumbarton Bridge Company having applied to the Railroad Commission for an order authorizing it to issue \$300,000 of notes and the Commission having considered the request and being of the opinion that this is not a matter in which a public hearing is necessary, that the request of applicant should be granted, as herein provided, that the money, property or labor to be procured or paid for through the issue of said notes is reasonably required for the purpose specified herein, and that the expenditures for such purpose are not, in whole or in part, reasonably chargeable to operating expenses or to income; therefore,

IT IS HEREBY ORDERED as follows:

1. Dumbarton Bridge Company may issue, on or before July 1, 1945, its promissory notes in the aggregate principal amount of \$300,000 payable as indicated in the foregoing opinion and bearing interest on the unpaid principal at the rate of 4 per

cent per annum payable monthly for the purpose of financing in part the cost of paying and redeeming its presently outstanding first mortgage bonds.

2. Dumbarton Bridge Company shall file with the Railroad Commission, on or before July 31, 1945, a copy of each of the notes issued under the authorization herein granted, a copy of the credit agreement between it and the banks and a statement showing the total costs of redeeming its outstanding bonds and the sources from which the funds to meet such costs were obtained.

3. 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 \$300.

Dated at San Francisco, California, this 24<sup>th</sup> day of April, 1945.

Harold Ruden  
Justice F. Crager  
Richard L. Laska  
Francis C. Lane  
Irving S. Lawrence  
 Commissioners

