

FINANCE DOCKET No. 9697
DELAWARE, LACKAWANNA & WESTERN RAILROAD
COMPANY NOTES

Submitted November 14, 1932. Decided November 15, 1932

Authority granted to issue and to renew not exceeding \$1,568,000 of promissory notes and to pledge and repledge as collateral security therefor all or any part of \$6,339,000 of New York, Lackawanna & Western Railway Company first and refunding mortgage 5 per cent gold bonds, series A.

William S. Jenney for applicant.

REPORT OF THE COMMISSION

DIVISION 4, COMMISSIONERS MEYER, EASTMAN, AND MAHAFFIE

BY DIVISION 4:

The Delaware, Lackawanna and Western Railroad Company, on October 28, 1932, applied for authority to issue and to renew from time to time not exceeding \$1,568,000 of promissory notes, and to pledge and repledge as collateral security for them all or any part of \$6,339,000 of New York, Lackawanna & Western Railway Company first and refunding mortgage 5 per cent gold bonds, series A. No objection to the application has been offered.

By our order of February 10, 1932, in *Delaware, L. & W. R. Co. Notes*, 180 I. C. C. 434, the applicant was authorized to issue and to renew not exceeding \$12,432,000 of promissory notes and to pledge as collateral security therefor, among other bonds, \$13,639,000 of New York, Lackawanna & Western Railway Company first and refunding mortgage 5 per cent gold bonds, series A. The applicant states that under this authority it has issued \$11,000,000 of notes, leaving \$1,432,000 unissued and that it has pledged \$7,300,000 of the above-mentioned bonds, leaving \$6,339,000 unpledged.

It is represented that the normal cash balance of the applicant is about \$2,000,000. A forecast of its cash receipts and disbursements has been filed which indicates that the applicant will have to borrow \$2,000,000 on December 1, 1932, that its cash balance on December 31, 1932, will be \$1,951,790, and that it has rentals due on January 1, 1933, amounting to \$991,881. To provide the funds necessary to meet its requirements and to maintain its normal cash balance, the applicant requests authority to issue, in addition to the \$1,432,000 of notes which may be issued under the order above indi-

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cated, \$1,568,000 of promissory notes and to pledge as collateral security for these notes, as well as for the \$1,432,000 of notes mentioned above, all or any part of the \$6,339,000 of the New York, Lackawanna & Western's first and refunding mortgage gold bonds, series A.

The proposed notes will be dated the day of issue, will bear interest at a rate not exceeding 6 per cent per annum, will mature not later than three years after the date of original issue, and not later than December 31, 1935. It is proposed to pledge the bonds at the ratio of \$125 in value of bonds at their prevailing market price for each \$100, face amount of notes, and, if the holder or holders of the notes so require, to maintain the pledge at that ratio.

The particulars as to our authorization of the New York, Lackawanna & Western bonds and the assumption of obligation and liability in respect thereof by the applicant are given in *Delaware, L. & W. R. Co. Notes, supra*.

We find that the proposed issue of not exceeding \$1,568,000 of promissory notes and the proposed pledge as collateral security therefor of \$6,339,000 of New York, Lackawanna & Western Railway Company first and refunding mortgage 5 per cent gold bonds, series A, by The Delaware, Lackawanna and Western Railroad Company as aforesaid (a) are for a lawful object within its corporate purposes, and compatible with the public interest, which is necessary and appropriate for and consistent with the proper performance by it of service to the public as a common carrier, and which will not impair its ability to perform that service, and (b) are reasonably necessary and appropriate for such purpose.

An appropriate order will be entered.

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