

FINANCE DOCKET No. 9965
DELAWARE, LACKAWANNA & WESTERN RAILROAD
COMPANY SECURITIES

Submitted May 11, 1933. Decided May 15, 1933

Authority granted to issue to the Railroad Credit Corporation \$500,000 of promissory notes and to pledge as collateral security therefor bonds to the amount of \$2,343,000 and such additional amount as may be required.

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 April 26, 1933, applied for authority (1) to issue and to renew from time to time \$500,000 of promissory notes and (2) to pledge as collateral security therefor \$1,193,000 of Oswego & Syracuse Railroad Company 5 percent first and refunding mortgage gold bonds, series A, \$443,000 of Valley Railroad Company 5 percent first and refunding mortgage gold bonds, series A, \$207,000 of Greene Railroad Company 5 percent first and refunding mortgage gold bonds, series A, and \$500,000 of New York, Lackawanna & Western Railway Company first and refunding mortgage 5 percent gold bonds, series A. No objection to the application has been offered.

Pursuant to our authorization, the applicant has heretofore issued \$14,000,000 of promissory notes. See *Delaware, L. & W. R. Co. Notes*, 180 I.C.C. 434, and 189 I.C.C. 107. Included in this amount of notes is a note for \$1,000,000 issued to the Railroad Credit Corporation, and secured by pledge of bonds of the Oswego & Syracuse, the Valley, and the Greene Railroad Companies shown in the first paragraph hereof, amounting to \$1,843,000. See *Delaware, L. & W. R. Co. Pledge of Bonds*, 189 I.C.C. 327.

The applicant proposes, in order to meet its cash requirements for fixed charges to July 1, 1933, inclusive, to borrow an additional \$500,000 from the Credit Corporation, and to issue promissory notes in that amount to evidence the loan. The notes will be dated the day of issue, will bear interest at a rate not exceeding 6 percent per annum, and will mature not more than three years from their date

and in no event later than December 31, 1936. As collateral security for the notes the applicant seeks authority to pledge and repledge the \$1,843,000 of bonds mentioned above, so that they may collaterally secure both the \$1,000,000 note already held by the Credit Corporation and the \$500,000 of proposed notes. As additional security for the proposed notes the applicant requests authority to pledge and repledge \$500,000 of New York, Lackawanna & Western Railway Company first and refunding mortgage 5 percent gold bonds, series A, now in its treasury, and any additional amount of such bonds in its treasury as may be required to establish and maintain a pledging ratio of \$125 in value of these bonds to each \$100 borrowed.

We find that (1) the issue by The Delaware, Lackawanna and Western Railroad Company to the Railroad Credit Corporation of not exceeding \$500,000 of promissory notes, and (2) the pledge and repledge by The Delaware, Lackawanna and Western Railroad Company of \$1,193,000 of Oswego & Syracuse Railroad Company 5 percent first and refunding mortgage gold bonds, series A, \$443,000 of Valley Railroad Company 5 percent first and refunding mortgage gold bonds, series A, \$207,000 of Greene Railroad Company 5 percent first and refunding mortgage gold bonds, series A, and \$500,000 of New York, Lackawanna & Western Railway Company first and refunding 5 percent gold bonds, series A, and such additional amount of the latter bonds as may be required, with the Railroad Credit Corporation as collateral security for the notes 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.

193 I.C.C.