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Decision No. 11895

**ORIGINAL**

BEFORE THE RAILROAD COMMISSION OF  
THE STATE OF CALIFORNIA

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In the Matter of the Application of )  
THE WESTERN PACIFIC RAILROAD COMPANY )  
for an order authorizing the issuance )  
and sale of \$5,600,000.00 of principal )  
amount of The Western Pacific Railroad )  
Company's 5-1/2% equipment trust cer- )  
tificates, and the guarantee of the pay- )  
ment of same by the company. )

Application No. 8812.

F.M. Angelotti for Applicant.

BRUNDIGE, Commissioner.

O P I N I O N.

The Railroad Commission is asked to make an order authorizing THE WESTERN PACIFIC RAILROAD COMPANY to issue and sell at 97-1/4 per cent. of their face value and accrued interest \$5,600,000.00 of 5-1/2 per cent. equipment trust certificates and to guarantee the payment of the principal of such certificates and the dividends thereon, all as outlined in this application.

The Railroad Commission by Decision No. 11263, dated November 23, 1922, in Application No. 8284, authorized applicant to issue on or before April 15, 1923, at not less than 92 per cent. of their face value plus accrued interest \$5,500,000.00 of first mortgage Series "B" six per cent. bonds due March 1, 1946, and use the proceeds to pay for additional equipment. Applicant has since concluded not to issue its bonds. Its plan now calls for the purchase of equipment through the issue of \$5,600,000.00 of 5-1/2 per cent. equipment trust certificates. The certificates will

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mature serially at the rate of \$375,000.00 on March first of each of the years 1924 to 1937, inclusive, and \$350,000.00 on March 1, 1938.

Applicant has entered into agreements covering the purchase of 2000 thirty-ton steel underframe refrigerator cars, 100 steel underframe automobile cars, 6 freight locomotives, Mikado type, 100 logging cars, 20 steel passenger cars, 8 steel dining cars and 20 steel baggage cars. The aggregate estimated cost of the equipment, after all deductions and allowances, is reported at \$6,996,776. It is for the purpose of providing part of the moneys necessary for the payment of the equipment that applicant asks permission to issue and sell equipment trust certificates. The record clearly shows that applicant has need for additional equipment. By means of it, the company should be able to improve materially its transportation service.

I believe that this application should be granted and herewith submit the following form of Order:

O R D E R.

THE WESTERN PACIFIC RAILROAD COMPANY having applied to the Railroad Commission for permission to issue equipment trust certificates or assume certain obligations under an equipment trust agreement and a lease agreement, a public hearing having been held and the Railroad Commission being of the opinion that the money, property or labor to be procured or paid for through the issue of the equipment trust certificates is reasonably required by applicant and that the expenditures herein authorized are not in whole or in part reasonably chargeable to operating expenses or to income and that this application should be granted subject to the conditions of this order; therefore--

IT IS HEREBY ORDERED, that THE WESTERN PACIFIC RAILROAD

COMPANY be, and it is hereby, authorized to execute an equipment trust agreement substantially in the same form as the agreement filed in this proceeding and marked "Exhibit B", also to execute a lease agreement substantially in the same form as the lease agreement filed in this proceeding and marked "Exhibit C".

IT IS HEREBY FURTHER ORDERED, that THE WESTERN PACIFIC RAILROAD COMPANY be, and it is hereby, authorized to issue and sell, at not less than 97-1/4 per cent. of their face value and accrued dividends, \$5,600,000.00 of 5-1/2 per cent. serial equipment trust certificates, or to assume the obligations under the equipment trust agreement and the lease agreement which the company is herein authorized to execute.

The authority herein granted is subject to further conditions as follows:

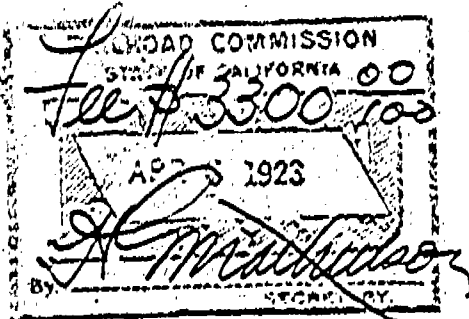
- (1)--The proceeds obtained from the sale of the equipment trust certificates shall be used by applicant to pay in part the cost of the equipment referred to in the preceding opinion and in this application.
- (2)--The authority herein granted to execute an equipment trust agreement and a lease agreement is for the purpose of this proceeding only, and is granted in so far as this Commission has jurisdiction under the terms of the Public Utilities Act and is not intended as an approval of said equipment trust agreement and said lease agreement as to such other legal requirements to which said equipment trust agreement and said lease agreement may be subject.
- (3)--The Western Pacific Railroad Company shall keep such record of the issue, sale and delivery of the equipment trust certificates herein authorized and of the disposition of the proceeds as will enable it to file, on or before

the 25th day of each month a verified report, as required by the Railroad Commission's General Order No. 24, which order in so far as applicable is made a part of this order.

(4)--The authority herein granted to issue equipment trust certificates or to assume obligations under the equipment trust agreement and the lease agreement herein authorized to be executed will become effective upon the payment by applicant of the fee prescribed by Section 57 of the Public Utilities Act, and will expire on November 1, 1923.

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 4<sup>th</sup> of April, 1923.



C. Seary  
H. B. Bunnell  
Livingston Martin  
Egerton Shore  
J. T. Whittier

Commissioners.