

Decision No. 13349.

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of
THE WESTERN PACIFIC RAILROAD COMPANY
for an order authorizing the issuance
and sale of \$3,105,000.00 principal
amount of The Western Pacific Railroad
Company 5-1/2 percent. equipment trust
certificates, Series "C", and the guar-
antee of the payment of the same by
the company.

ORIGINAL

Application Number 9902.

F. M. Angelotti, for Applicant.

BY THE COMMISSION:

OPINION

The Western Pacific Railroad Company asks permission to issue \$3,105,000.00 face value of its 5-1/2 percent. equipment trust certificates, Series "C", and to guarantee unconditionally the payment of the principal of such certificates and the dividends thereon, and to sell such equipment trust certificates at par and accrued interest to the American Car and Foundry Company, in accordance with the terms of contract filed in this proceeding and marked "Exhibit I."

It is of record that applicant has entered into agreements for the purchase of the following equipment:-

5-	Heavy Mikado locomotives	\$325,000.00
5-	Mallet "	398,750.00
775-	Steel underframe refrigerator cars . . .	2,528,290.25
100-	Logging cars	121,300.00
200-	Steel underframe automobile cars . . .	535,624.00
1-	Jordan spreader equipped with composite ditching and spreading wings	14,750.00
	Total Gross Cost	<u>\$3,923,714.25</u>

The foregoing prices are the prices included in the contracts for the manufacture of the equipment. There will be added to such cost expenses of inspection and freight to Salt Lake City. Applicant will be entitled to receive rebates from the manufacturers of patented appliances or the owners of patents thereon which will reduce the cost. It is estimated that the equipment will finally cost applicant \$3,881,250.

For the purpose of paying in part for such equipment, applicant will guarantee the payment of \$3,105,000.00 of equipment trust certificates which are to be issued under an agreement similar to that filed in this proceeding and marked "Exhibit B". Simultaneously with the execution of the equipment trust agreement The Equitable Trust Company of New York, as trustee, will enter into an agreement whereby the equipment to which reference has been made will be leased by the trustee to the applicant for a rental consisting of-

1. A sum equal to the difference between the aggregate amount of the trust certificates which will be issued and the cost of the equipment, provided that such sum shall not be less than 20 percent. of the cost of the equipment.
2. An amount sufficient to pay the principal of the certificates and the dividend warrants thereto attached, as they respectively mature.
3. All taxes which the trustee may be required to pay on the income or property of the Trust, and all taxes (except such portion of any Federal income tax with respect to said income as shall be in excess of two percent. thereof) which the applicant or the trustee may be required or permitted to pay, or to retain from the principal of the trust certificates or from the dividends thereon.

4. The necessary and reasonable expenses of the Trust including all expenses connected with the trust equipment and the leasing thereof.

Upon the payment in full of the rental the title to the equipment is to be transferred to applicant.

Under the equipment trust agreement, \$207,000. par value of equipment trust certificates mature annually on the first day of December of each of the years 1924 to 1938, both inclusive.

O R D E R

The Western Pacific Railroad Company, having applied to the Railroad Commission for permission to issue equipment trust certificates and guarantee the payment of such certificates and the dividend warrants attached thereto and to execute an equipment trust agreement and a lease of railroad equipment ~~agreement~~, a public hearing having been held before Examiner Fankhauser, 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 as herein provided, therefore,

IT IS HEREBY ORDERED that The Western Pacific Railroad Company be, and it is hereby, authorized to execute and enter into an equipment trust agreement substantially in the same form as the equipment trust agreement filed in this proceeding and marked "Exhibit B"; also to execute a lease of railroad equipment substantially in the same form as the lease of railroad equipment filed in this proceeding and marked "Exhibit C".

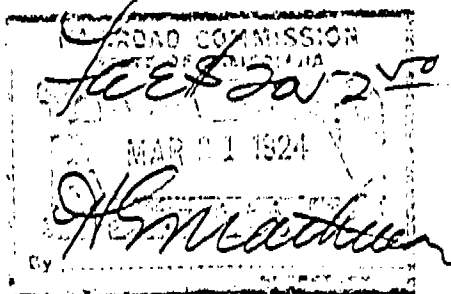
IT IS HEREBY FURTHER ORDERED that The Western Pacific Railroad Company be, and it is hereby, authorized to issue and sell at not less than par \$3,105,000.00 par value of five and one half percent. serial equipment trust certificates and to assume the obligations under the equipment trust agreement and the lease of railroad equipment 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 to pay in part the cost of the equipment referred to in the preceding opinion and this application.
2. The authority herein granted to execute an equipment trust agreement and a lease of railroad equipment 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 agreements as to such other legal requirements to which said agreements 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 of railroad equipment

herein authorized to be executed will become effective upon the payment of the fee prescribed by Section 57 of the Public Utilities Act, which fee amounts to \$2,052.50, but will expire on October 1, 1924.

DATED at San Francisco, California, this 29th day of March, 1924.



Al Seaver
H. P. L. ...
Jessie Matheson
Egerton Shore
J. T. Whitting
Commissioners.