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Decision No. 14788.

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of)
SAN DIEGO ELECTRIC RAILWAY COMPANY)
for an order authorizing the issue of) Application No. 10975
29,480 shares of its capital stock.)

R. G. Dilworth, for Applicant.

SQUIRES, Commissioner:

O P I N I O N

San Diego Electric Railway Company asks permission to issue to the Oceanic Steamship Company 29,480 shares of its common capital stock (\$2,948,000. par value) in exchange and purchase of \$2,948,000. face value of bonds of applicant owned by said Oceanic Steamship Company.

San Diego Electric Railway Company has an authorized stock issue of \$5,000,000. divided into 50,000 shares of the par value of \$100. each. Stock in the amount of \$1,350,000. is outstanding.

Pursuant to the authority heretofore granted by the Commission (Decision No. 1851 dated Oct. 6, 1914) San Diego Electric Railway Company executed a mortgage securing the payment of an authorized issue of \$10,000,000. of five percent general first lien sinking fund gold bonds dated January 1, 1915 and pay-

able January 1, 1955. It is of record that \$4,497,000. of such bonds have heretofore been issued and that of the \$4,497,000., \$1,549,000. have been redeemed, leaving \$2,948,000. of bonds outstanding. These bonds are owned by the Oceanic Steamship Company which has agreed to accept in payment for such bonds \$2,948,000 of common stock of the San Diego Electric Railway Company. The \$2,948,000. of bonds when acquired by applicant will be cancelled and the mortgage securing their payment discharged of record.

The testimony shows that the refunding of applicant's outstanding bonds through the issue of common stock is a preliminary step looking toward the reorganization of the financial affairs of San Diego Electric Railway Company.

I herewith submit the following form of order:-

ORDER

San Diego Electric Railway Company, having applied to the Railroad Commission for permission to issue 29,480 shares (\$2,948,000. par value) of its common capital stock, 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 by such issue is reasonably required by applicant, and that the expenditures herein authorized are not in whole or in part reasonably chargeable to operating expense or to income,

IT IS HEREBY ORDERED that the San Diego Electric Railway Company be, and it is hereby, authorized to issue and sell, at not less than par, on or before October 1, 1925, 29,480 shares(\$2,948,000 par value) of its common capital stock and to use the proceeds obtained from the issue and sale of such stock to acquire \$2,948,000. of outstanding first mortgage five percent bonds, or issue and deliver such stock to the Oceanic Steamship Company in full payment

for said bonds.

The authority herein granted is subject to the following conditions:-

1. San Diego Electric Railway Company shall keep such record of the issue and sale of the stock herein authorized to be issued 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.
2. The authority herein granted will become effective upon the date hereof.

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 15th day of April, 1925.

H. N. Brundage

C. C. Seaver

George D. Squires

Edmund

Commissioners.