

ERA

Decision No. 15033.

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of )  
EUGH GOODFELLOW, WARREN OLNEY and )  
W. I. BROBECK, as trustees, and KEY )  
SYSTEM TRANSIT COMPANY, a corpora- )  
tion, EAST OAKLAND RAILWAY COMPANY, )  
a corporation, OAKLAND AND HAYWARDS )  
RAILWAY COMPANY, a corporation, and )  
KEY SYSTEM SECURITIES COMPANY, a )  
corporation, to transfer and ac- )  
quire the property formerly belong- )  
ing to San Francisco-Oakland )  
Terminal Railways, a corporation, )  
and to issue securities. )

ORIGINAL

Application No. 9367

BY THE COMMISSION:

SIXTH SUPPLEMENTAL ORDER

The Railroad Commission by Decision No. 12931, dated December 14, 1923, authorized the Key System Transit Company to issue bonds, subject among others to the following condition:

"The authority herein granted to issue bonds will not become effective until applicants have filed with the Railroad Commission a stipulation in satisfactory form in which the Key System Transit Company agrees to appropriate within a period of three years after the date of this order, from its moneys available for the payment of interest and dividends, approximately \$500,000 or such sum of money as shall equal the reorganization expenses, and expend such appropriation for the acquisition of properties and the improvement of service, and further agrees not to use said expenditures as a basis for the issue of stock, bonds or other evidences of indebtedness."

The Key System Transit Company reports that the re-organization expenses referred to in the foregoing condition amount to \$464,016.40. The company also reports that between the time of the foreclosure upon the properties of the San Francisco-Oakland Terminal Railways and their transfer by Hugh Goodfellow, Warren Olney and W. I. Brobeck, the purchasers thereof, to Key System Transit Company, there was expended by said Goodfellow, Olney and Brobeck from the net income received by them from the operation of said properties the sum of \$388,263.30 for the acquisition of additional properties and the improvement of service for the benefit of and in connection with said properties.

We believe that to the extent of such expenditures so made by said Goodfellow, Olney and Brobeck, the purposes of the condition, to which reference has been made herein, have been accomplished, and that the sum of \$388,263.30 should be deducted from the \$464,016.40 reorganization expenses for the reason that reorganization expenses to the extent of \$388,263.30 have already been in effect amortized. As to the remainder of the reorganization expenses, namely: \$75,753.10, the Key System Transit Company has filed with the Commission a stipulation wherein it agrees that it will within a period of three years from and after December 14, 1923, appropriate from its moneys available for the payment of interest and dividends the sum of \$75,753.10 and expend such sum for the acquisition of properties and the improvement of service and that it will not use said expenditures as a basis for the issue of stock, bonds or other evidences of indebtedness.

IT IS HEREBY ORDERED, that the condition of decision No. 12931 dated December 14, 1923 be modified so as to permit the deduction of said \$388,263.30 from said \$464,016.40 of reorganization expenses, and that said stipulation be accepted

as a full and effective compliance with the condition in the order in said Decision No. 12931, dated December 14, 1923, to which reference is herein made.

IT IS HEREBY FURTHER ORDERED, that the order in decision No. 12931 dated December 14, 1923, as amended, shall remain in full force and effect except as modified by this Sixth Supplemental Order.

DATED at San Francisco, California, this 16<sup>th</sup> day of June, 1925.

H. H. Broudige

C. Healey

George D. Squires

Commissioners.