

ITEM Decision No. 15055

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

IN THE MATTER of the application of )  
KEY SYSTEM TRANSIT COMPANY, a corpor- )  
ation, for an order of the Railroad )  
Commission of the State of California ) Application No. 10937  
authorizing the issue and sale of )  
\$500,000. of Series "B" bonds. )

Dunne, Brobeck, Palegor and  
Harrison, by E. H. Palegor,  
for Applicant.

ORIGINAL

DECOTO, Commissioner.

O P I N I O N

The Railroad Commission is asked to make an order authorizing Key System Transit Company to issue and sell, at par \$500,000. of its first mortgage 6% gold bonds, Series "B", to be dated January 1st, 1925 and payable July 1st, 1938, and use the proceeds to pay bonds of East Oakland Railway Company, Oakland and Haywards Railway Company and acquire properties; and authorizing East Oakland Railway Company and Oakland and Haywards Railway Company to sell their properties to the Key System Transit Company.

By Decision No. 12931, dated December 14th, 1923, in application No. 9367, the Railroad Commission authorized East Oakland Railway Company to issue not exceeding \$10,000. of stock and \$229,000. of first mortgage 15 year 6% bonds and also authorized Oakland and Haywards Railway Company to issue \$10,000. of stock and \$236,000. of first mortgage 15 year 6% bonds. That decision also authorized the Key System Transit Company to acquire the stock of the East Oakland Railway Company and Oakland and Haywards Railway Company, and prohibits

such company from disposing of the stock of the two companies without the consent of the Commission.

By Decision No. 13214 dated February 28th, 1924, in application No. 9357, the Commission authorized East Oakland Railway Company and Oakland and Hayward's Railway Company to lease their properties to the Key System Transit Company. Under the terms of the lease between the two companies and Key System Transit Company, the Key System Transit Company has the irrevocable option to purchase the properties of the two companies on or before July 1st, 1938 through the payment of the bonded and other debt of the two companies.

It is of record that the East Oakland Railway Company now has outstanding \$229,000. of first mortgage 6% bonds and the Oakland and Hayward's Railway Company has outstanding \$236,000. of first mortgage 6% bonds. The testimony shows that if the Key System Transit Company is permitted to issue the \$500,000. of bonds applied for in this application, that \$465,000. of such bonds will be used to pay or refund the \$465,000. of bonds of the East Oakland and Oakland and Hayward's Railway Company. The remainder of the proceeds obtained from the sale of the \$500,000. of bonds the Key System Transit Company asks permission to use to reimburse its treasury to finance the following expenditures:

<u>VPO No.</u>	<u>Location and description.</u>	<u>Amount.</u>
6714	Lake Shore Ave.-Replace trolley wire Lake Shore Ave. to end, except inbound track, Prince to Walla Vista Ave. - - - - -	\$851.39
6801	Passgr. Cars Nos. 132,3,4 - Alterations to equip for one man operation - - - - -	1,896.65
6965	Spruce St.-Euclid Ave.-Oxford St. at Virginia St. on Euclid Ave. bet. Hearst Ave. & Rose St. - repairs and replacements acct. Berkeley Fire Sept. 17, 1923	178.00
7008	Sacramento St.-Bet. 55th & Russel Sts.-replaced relays and relay cases for auto flagman control - -	846.44
7063	22nd St.-Chestnut St. Yds.-extended freight shed 34 ft. on southerly end	1,940.66
7075	E. 14th St. nr. 15th Ave.-overhauled 121 s.t.ft. of tracks with replacement of ties, fastenings and pavement - - - - -	1,164.03
7077	E. 14th St. at 14th Ave.-overhauled 380 S.T.Ft. tracks - - - - -	3,843.88
7223	Lake Shore Ave.- on Walla Vista Ave. from Lakeshore to Carlston Aves. -reconstruct track and laid 2nd track - - - - -	23,035.35
	Carried forward	\$33,756.40

Brought forward

\$33,756.40

VPO No.  
7288

Location and description.  
Santa Clara Ave. Line- on San Jose Ave. from  
Park to High and on High St. to near Encinal  
Ave.- rearrangement of poles and spans - - - - 1,248.97

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\$35,005.37

I herewith submit the following form of order:

O R D E R

Key System Transit Company having applied to the Railroad Commission for permission to issue \$500,000. of Series "B" bonds, 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 such bonds is reasonably required by applicant, and that the expenditures herein authorized are not in whole or in part reasonably chargeable to operating expenditures or income, and that this application should be granted as herein provided,

IT IS HEREBY ORDERED AS FOLLOWS:

1. East Oakland Railway Company be, and it is hereby authorized to sell and transfer subject to its existing indebtedness or free and clear of all incumbrances and indebtednesses all of its properties, more particularly described in applicant's Exhibit No. 4, to the Key System Transit Company.
2. Oakland and Haywards Railway Company be, and it is hereby authorized to sell and transfer subject to its existing indebtedness or free and clear of all incumbrances and indebtednesses all of its properties, more particularly described in applicant's Exhibit No. 5, to Key System Transit Company.
3. Key System Transit Company be, and it is hereby authorized to issue and sell, for not less than par, \$500,000. of its first mortgage, Series "B" 6% gold bonds, payable July 1st, 1938, and to

use \$465,000. of such bonds, or the proceeds thereof, to pay or refund \$229,000. of East Oakland Railway Company bonds and \$236,000. of Oakland and Hayward Railway Company bonds. The remainder of the proceeds, other than accrued interest, shall be used by the Key System Transit Company to finance, in part the expenditures reported in applicant's Exhibit No. 3. The accrued interest may be used for general corporate purposes.

4. Key System Transit Company shall file with the Railroad Commission, 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.

5. The authority herein granted to issue bonds will become effective when applicant has paid the fee prescribed by Section 57 of the Public Utilities Act, which fee is \$35.00. Under the authority herein granted, no bonds may be issued subsequent to October 1st, 1925.

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 15<sup>th</sup> day of June, 1925.

H. C. Brundage

W. S. Seamy

Egerton Shaw

George D. Squires

Edward Scott

Commissioners.

