

Decision No. 1604.

ORIGINAL

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA.

In the matter of the application	:	
of SAN FRANCISCO-OAKLAND TERMINAL	:	
RAILWAYS for authority to issue	:	<u>Application No. 990.</u>
promissory notes and bonds.	:	

In the matter of the application	:	
of SAN FRANCISCO-OAKLAND TERMINAL	:	
RAILWAYS for authority to issue	:	<u>Application No. 1152.</u>
bonds.	:	

ESELEMAN, Commissioner.

P R E L I M I N A R Y O P I N I O N .

In Application No. 990 San Francisco-Oakland Terminal Railways petitioned this Commission for authority to issue One Million Dollars (\$1,000,000.00) of general lien bonds and to pledge them, together with other collateral already pledged, as security for an issue of outstanding notes, and for authority also to issue an additional Five Hundred Thousand Dollars (\$500,000.00) of notes upon the collateral so pledged.

In Application No. 1152 San Francisco-Oakland Terminal Railways asked this Commission for authority to issue Ten Million Dollars (\$10,000,000.00) of its proposed first and refunding bonds. These applications are now pending before this Commission.

In view of the fact that the physical valuation of this property now under way may consume an additional sixty days, it has been represented to this Commission that pending the determination of this issue thus presented, certain pressing obligations must be met. It is stated in behalf of applicant that it desires to be reimbursed

1604

for moneys expended from income for the purpose of paying the July interest in the sum of Three Hundred and Fifty Thousand Dollars (\$350,000.00); its taxes in the sum of One Hundred and Forty Thousand Dollars (\$140,000.00), and for making the necessary preliminary payments for the acquisition of a new ferry boat and new street cars. The first of these payments on the ferry boat will be Sixty Thousand Dollars (\$60,000.00) and the initial payment on the street cars will be One Hundred Thousand Dollars (\$100,000.00). Applicant represents, therefore, that it is in need of approximately Six Hundred and Fifty Thousand Dollars (\$650,000.00).

It is, of course, necessary that the applicant pay its taxes and its bond interest, and it is clear that steps should be taken at this time to obtain the new streets cars for use in the City of Oakland and the additional floating equipment to be used for carrying passengers from Oakland to the Exposition grounds at San Francisco during the year 1915. Applicant may raise this money by issuing its notes secured by a pledge of its proposed general lien bonds.

I believe the circumstances warrant this Commission in granting this preliminary authority at this time. I recommend that the authority be granted to the applicant to issue its notes secured by a pledge of its bonds upon the condition that these notes be taken by persons in direct interest in this corporation, who shall be fully advised of all of the circumstances surrounding this applicant and who shall agree to hold said notes and said collateral until the maturity of these notes or until they shall have been refunded. This reservation I regard as necessary by reason of the fact that in authorizing this issue of notes, this Commission desires at this time merely to preserve this company in the best possible operating condition, and in no way directly or indirectly commits itself to a favorable determination of either of the two applications now before it. The parties in interest who may take

these notes must do so with this understanding.

I recommend the following form of preliminary Order.

P R E L I M I N A R Y     O R D E R .

San Francisco-Oakland Terminal Railways having made application to this Commission, as heretofore stated in the above opinion, and a hearing having been held,

IT IS HEREBY ORDERED that San Francisco-Oakland Terminal Railways be given authority and it is hereby given authority to issue its promissory notes for a period not to exceed one (1) year in a sum not to exceed Six Hundred and Fifty Thousand Dollars (\$650,000.00);

IT IS HEREBY FURTHER ORDERED that San Francisco-Oakland Terminal Railways be given authority and it is hereby given authority to issue One Million Dollars (\$1,000,000.00) of its general lien bonds as collateral security for said issue of notes in the sum of Six Hundred and Fifty Thousand Dollars (\$650,000.00). Said bonds to be issued under applicant's general lien mortgage, a copy of which has been filed with this Commission in connection with Application No. 990.

The authority herein given is given upon the following conditions and not otherwise:

1. The face value of the notes issued under the authority herein granted shall at no time be less than sixty-six and two-thirds per cent. ( $66\frac{2}{3}\%$ ) of the face value of the bonds pledged as collateral.
2. The notes herein authorized to be issued shall mature in a period not to exceed one (1) year from date of issue and shall bear interest at a rate not to exceed seven per cent. (7%) per annum.
3. Said notes shall be sold so as to net the applicant herein the

face value thereof plus accrued interest thereon.

4. The proceeds to be derived from said notes shall be used for the following purposes only:

(a). For the reimbursement of applicant for moneys expended from income and after such reimbursement to be used for the purpose of paying interest on applicant's outstanding bonds and notes in the sum of .....\$350,000.00

(b). For the reimbursement of applicant for moneys expended from income and after such reimbursement to be used by applicant only for the purpose of discharging its taxes in the sum of,..... 140,000.00

(c). For the purpose of making preliminary payments on a ferry boat to be used for carrying passengers between Oakland and the Panama-Pacific Exposition grounds in San Francisco, the sum of,..... 60,000.00

(d). For the purpose of making preliminary payments on new street cars to be used in the City of Oakland, the sum of,.... 100,000.00

TOTAL..... \$650,000.00

5. The notes herein authorized to be issued shall be sold only to parties in interest in the applicant herein and who shall agree to hold said notes until maturity.
6. Applicant shall file with this Commission a list of persons who may purchase said notes together with a statement of their connection with the applicant corporation; the amounts purchased by each, and a copy of the agreements by which these purchasers agreed to hold said notes until maturity.
7. When the notes herein authorized shall have been paid or otherwise discharged, the bonds herein authorized to be pledged shall be returned to the applicant's treasury and not thereafter issued without the approval of this Commission.
8. Applicant herein shall report to this Commission on the Twenty-Fifth day of each month, a list of the notes issued; the par-

ties to whom issued, and the specific purposes to which the money derived from the sale of said notes has been devoted.

9. The authority herein granted shall apply to such notes and such bonds as shall have been issued on or before October 1, 1914.
10. The authority herein granted is conditioned upon the payment by applicant of the fee prescribed in the Public Utilities Act.

The foregoing preliminary Opinion and Order are hereby approved and ordered filed as the preliminary Opinion and Order of the Railroad Commission of the State of California.

Dated at San Francisco, California this *23d* day of June, 1914.

Railroad Commission, State of California

*1000.00*

JUN 30 1914

*J. H. MacArthur*  
BY Assistant Secretary.

*John M. Eshleman*

*H. D. Loveland*

*Alex Gordon*

*May Shelton*

Commissioners.