

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA.

In the matter of the application of Southern Pacific Railroad Company, a corporation, and Southern Pacific Company, a corporation, for permission to issue first refunding mortgage bonds aggregating \$21,000 par value.

ORIGINAL

Application No. 1706.

Doc. No. 2485

Guy V. Shoup, for applicant.

DEVLIN, Commissioner.

Opinion

This is an application by Southern Pacific Railroad Company and Southern Pacific Company for authority to issue \$21,000 first refunding mortgage 4 per cent bonds of Southern Pacific Railroad Company and for authority on the part of Southern Pacific Company to guarantee the payment of said bonds.

The applicants report the payment of \$4,000 face value of bonds of Northern Railway Company and \$17,000 of first mortgage bonds of Southern Pacific Railroad Company of Arizona. It is now proposed to issue \$21,000 of Southern Pacific Railroad Company first refunding 4 per cent bonds to reimburse the applicants for the payment and cancellation of the \$21,000 of underlying bonds.

By paying off the \$4,000 of bonds of Northern Railway Company and the \$17,000 of bonds of the Southern Pacific Railroad Company of Arizona, the applicants report that they will be in position to discharge the mortgage and deed of trust dated April 14, 1877, executed by said Northern Railway Company to Eugene Kelly and Henry B. Laidlaw, as trustees, and also to satisfy and discharge of record the mortgage and

deed of trust dated March 1, 1879, executed by said Southern Pacific Railroad Company of Arizona to Henry M. Newhall and Charles Mayne, as trustees.

The first refunding mortgage of Southern Pacific Railroad Company provided for a total issue of \$160,000,000 of bonds. Of this amount, \$93,682,500 were reserved for the purpose of retiring underlying bonds. Among these underlying bonds to be retired were the following:

First mortgage bonds of the Northern Railway Company, a corporation of the State of California, issued under and secured by its mortgage and deed of trust, dated April 14, 1877 to Eugene Kelly and Henry B. Laidlaw as trustees, due January 1, 1907 and outstanding at the time of the execution of said mortgage \$5,156,000.

First mortgage bonds of the Southern Pacific Railroad Company, a corporation of the Territory of Arizona, issued under and secured by its mortgage and deed of trust, dated March 1, 1879, to Henry M. Newhall and Charles Mayne as trustees, designated as "Series A" and "Series B" and outstanding at the date of the execution of said mortgage as follows:

Series A, due March 1, 1909	\$6,000,000.
Series B, due March 1, 1910	\$4,000,000.

By the retirement of the \$4,000 of bonds of the Northern Railway Company and \$17,000 of bonds of the Southern Pacific Railroad Company of Arizona, applicants have paid off all of the bonds outstanding under these two mortgages.

It is now proposed to issue \$21,000 of first refunding 4 per cent mortgage bonds at 88 per cent of face value.

I recommend that the application be granted and submit the following form of order:

O r d e r

Southern Pacific Railroad Company and Southern Pacific Company having applied to this Commission for authority to issue \$21,000 of first refunding mortgage 4 per cent bonds of Southern Pacific Railroad Company, and Southern Pacific Company

having applied for authority to guarantee the payment of said bonds,

And a hearing having been held and it appearing that the purposes for which it is proposed to issue said bonds are not in whole or in part reasonably chargeable to operating expenses or to income,

IT IS HEREBY ORDERED that Southern Pacific Railroad Company and Southern Pacific Company be granted authority and they are hereby granted authority to issue \$21,000 of 4 per cent first refunding mortgage bonds of Southern Pacific Railroad Company, under the terms of the mortgage and deed of trust dated January 3, 1905, executed by Southern Pacific Railroad Company and Southern Pacific Company to The Equitable Trust Company of New York, trustee, a copy of which has been filed with this Commission in Application No. 1340 and marked Exhibit "A", to which reference is hereby made.

IT IS FURTHER ORDERED that Southern Pacific Company be granted authority and it is hereby granted authority to guarantee the payment of the bonds hereby authorized to be issued.

The bonds hereby authorized to be issued shall be issued upon the following conditions and not otherwise:

(1) The bonds herein authorized to be issued shall be sold so as to net the applicants not less than 88 per cent of the face value of the bonds plus accrued interest thereon.

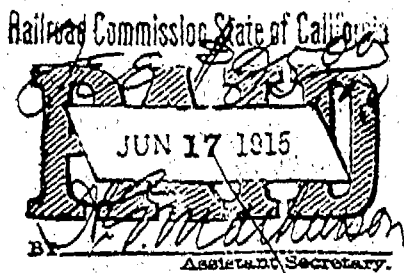
(2) The proceeds from the sale of said bonds shall be used to reimburse applicants for the retirement of \$4,000 of bonds of Northern Railway Company and \$17,000 of bonds of Southern Pacific Railroad Company of Arizona.

(3). The authority herein granted is conditioned upon the payment by the applicants of the fee prescribed under the Public Utilities Act.

(4) The authority herein granted shall apply to such bonds as shall have been issued on or before June 30, 1916.

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 14th day of June, 1915.



Max Shelton

[Signature]

Edwin C. Edgerton

[Signature]

Commissioners.