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Decision No. ✓.

ORIGINAL

Decision No. 3075

BEFORE THE RAILROAD COMMISSION OF THE  
STATE OF CALIFORNIA.

In the matter of the application  
of OAKLAND, ANTIOCH AND EASTERN  
RAILWAY COMPANY for permission  
to issue certain notes and bonds. )

Application

No. 1730.

BY THE COMMISSION.

THIRD SUPPLEMENTAL ORDER

WHEREAS, in Decision No. 2913, on November 20, 1915, this Commission authorized Oakland, Antioch and Eastern Railway Company to issue certain bonds and notes therein specified on certain conditions therein set out, and

WHEREAS, said order provided that before any of the bonds or notes therein authorized to be issued should be issued the applicant should submit to this Commission a list of its notes and accounts payable which may represent capital expenditures, with a detailed statement in explanation of such capital expenditures, and

WHEREAS, such statement has been filed by the applicant herein, and

WHEREAS, said order of November 20, 1915, (Decision No. 2913) provided further that the proceeds derived from the issue of the bonds and notes therein authorized to be issued should be used solely for the purpose of discharging such of applicant's indebtedness represented by its promissory notes or accounts payable as this Commission should have found by supplemental order to be incurred for proper capital expenditures, and

WHEREAS, it appears after a check of applicant's accounts by the Auditor of this Commission that the notes and accounts listed by applicant in its Exhibit "A", filed in connection with the application herein, represent applicant's promissory notes and accounts payable incurred directly, or indirectly, for capital purposes as such capital purposes are described under the Classification of Accounts for Electric Railways as established by this Commission, and

WHEREAS, the applicant herein has submitted to this Commission reports of its earnings and operating expenses, as provided in said order of November 20, 1915, and

WHEREAS, the applicant has reported to this Commission the numbers of the bonds now pledged as collateral security for its note indebtedness as provided in said order, and

WHEREAS, said order provided that the bonds thereby authorized to be issued should be only such bonds as are now pledged as collateral security for applicant's indebtedness, and

WHEREAS, it now appears to this Commission that applicant had heretofore collected the sum of \$90,911. from its stock holders as part of the loan of \$262,200. referred to in said order, and

WHEREAS, it appears further to this Commission that by the use of a part of said \$90,911. the applicant released from pledge \$46,000. face value of its bonds, and

WHEREAS, it appears further to this Commission, to enable the applicant to carry into effect, provisions of its order heretofore made, applicant will require the use of \$68,000. additional bonds to be pledged as collateral security; said \$68,000. of bonds with said \$46,000. of bonds to comprise a total of \$114,000. of bonds which applicant proposes to pledge as collateral security for notes in the sum of \$90,911. to be issued to such of applicant's stockholders as have advanced said sum of \$90,911; said \$114,000. to represent the pledge of bonds at such ratio that the face value of the notes shall equal 80% of the face value of the bonds pledged as provided for in said order of November 20, Decision No. 2913; and

WHEREAS, it appears further to this Commission that the authority to issue said additional \$114,000. in bonds should be given only on the condition that applicant shall collect the balance of its loan due from such of its stockholders as shall have heretofore advanced the sum of \$90,911.

NOW THEREFORE, it is found as a fact that Oakland, Antioch and Eastern Railway Company has submitted

to this Commission a list of its accounts and notes payable incurred for capital purposes with explanation of such indebtedness.

It is hereby found as a fact that the list of notes and accounts submitted by applicant in Exhibit "A" comprise applicant's notes payable and accounts payable incurred for capital expenditures.

It is hereby found as a fact that applicant has submitted to this Commission a statement of its earnings and operating expenses as provided in said order (Decision No. 2913).

It is hereby found as a fact that the applicant herein has reported to this Commission the numbers of the bonds pledged ~~with this Commission~~ for its note indebtedness in accordance with the provisions of said order. HGM  
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IT IS HEREBY ORDERED, that the Condition No. 10 of this Commission's order (Decision No. 2913) now reading as follows:

"The bonds hereby authorized to be issued shall be only such bonds as are now pledged as collateral security for applicant's note indebtedness."

shall be amended to read as follows:

"The bonds hereby authorized to be issued shall be only such bonds as are now pledged as collateral security for the applicant's note indebtedness and no other bonds except \$46,000. of applicant's bonds heretofore authorized to be issued and now released from pledge and \$68,000. of applicant's bonds now held in applicant's treasury or a total of \$114,000. bonds in addition to applicant's bonds now pledged as collateral security for its note indebtedness."

It is further ordered that said \$114,000. of bonds, being bonds in addition to bonds now in pledge as collateral security for applicant's indebtedness, may be pledged as collateral security for notes to be issued by applicant to its stockholders in the sum of \$90,911; provided, however, that said notes in the sum of \$90,911, and said bonds in the sum of \$114,000. be placed in escrow with a trust company and thereafter said notes to be issued in whole or in part and said bonds to be pledged as collateral security for said notes, to such of applicant's stockholders who have heretofore advanced said sum of \$90,911. as shall hereafter make further advances and loans to the applicant which shall represent an advance or loan together with the sums heretofore loaned, of a total advance or loan of \$3. for every share of stock held by such stockholders.

It is further ordered, that the \$90,911. in notes and the \$114,000. in bonds, referred to in the preceding paragraph, shall not be released from escrow until the applicant shall have rescinded its assessment No. 5 heretofore levied.

It is further ordered, that all of the other conditions to be found in this Commission's order of November 20, 1915, (Decision No. 2913) and supplements thereto, not in conflict with the order herein, shall remain in full force and effect.

The foregoing Third Supplemental Order is 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 31st  
day of January, 1916.

H. H. Boardman

Edwin O. Edgerton

Frank R. Devlin

Commissioners.