

MM

Decision No. 4983

ORIGINAL

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application )  
of OAKLAND, ANTIOCH & EASTERN ) Application No. 3304.  
RAILWAY to issue certain notes. )

Jesse Steinhart, for applicant.

EDGERTON, Commissioner.

O P I N I O N

In this application as amended at the hearing, Oakland, Antioch & Eastern Railway asks for authority to issue notes for a term of one year or less to refund the following notes, the proceeds of which were used for capital expenditures:-

<u>Payee</u>	<u>Date</u>	<u>Term</u>	<u>Int. Rate</u>	<u>Principal</u>
Westinghouse Elec. & Mfg. Co.	2/28/16	90 Days	6%	\$ 15,000.00
Westinghouse Elec. & Mfg. Co.	12/14/16	90 Days	6%	30,385.13
Westinghouse Elec. & Mfg. Co.	11/ 1/16	90 Days	6%	24,306.00 (1)
First National Bank of Oakland	6/30/16	Demand	6%	15,000.00
First National Bank of Oakland	6/30/16	Demand	6%	10,000.00
C. A. Smith Lumber Company	8/23/17	6 Mos.	6%	5,000.00 (2)

(1)-Originally \$26,661.23

(2)-Originally four notes as follows:-

- \$1,050.00
- \$1,500.00
- \$1,600.00
- \$1,700.00

Of the foregoing notes those to Westinghouse Electric & Manufacturing Company are secured by pledge of 109 of applicant's first mortgage 5 per cent sinking fund 30-year gold

bonds, and those to the First National Bank of Oakland by pledge of 42 of said bonds. The note to C. A. Smith Lumber Company is unsecured. The issue of notes to the above named payees and the pledge of bonds as security therefor has heretofore been authorized by this Commission. (See Decisions Numbers 3454 and 3561, Vol. 10, Opinions and Orders of the Railroad Commission of California, pages 469 and 647 respectively.) From the evidence now before the Commission, I am of the opinion that applicant may be permitted to refund the above notes by the issue of new notes and also to pledge bonds as security for the notes to Westinghouse Electric & Manufacturing Company and the First National Bank of Oakland, subject, however, to the terms of the following order:-

#### O R D E R

OAKLAND, ANTIOCH & EASTERN RAILWAY having applied to this Commission for authority to issue its promissory notes for a term of one year or less in renewal of certain promissory notes now outstanding in the total sum of \$99,691.13 as hereinbefore more fully set forth;

And a public hearing having been held,

And it appearing to this Commission that the money to be procured by the issue of said notes is reasonably required for the purposes set forth in the following order which purposes are not in whole or in part reasonably chargeable to operating expenses or to income;

IT IS HEREBY ORDERED that Oakland, Antioch & Eastern Railway be and it is hereby authorized to issue its promissory notes as follows for the purpose of renewing the promissory notes referred to in the opinion which precedes this order:

<u>Payee</u>	<u>Date of Maturity Not Later Than</u>	<u>Int. Rate Not to Exceed</u>	<u>Principal Not to Exceed</u>
Westinghouse Elec. & Mfg. Co.	:Dec.31, 18	: 6%	:\$ 15,000.00
Westinghouse Elec. & Mfg. Co.	:Dec.31, 18	: 6%	: 30,385.13
Westinghouse Elec. & Mfg. Co.	:Dec.31, 18	: 6%	: 24,306.00
First National Bank of Oakland	:Dec.31, 18	: 6%	: 15,000.00
First National Bank of Oakland	:Dec.31, 18	: 6%	: 10,000.00
C. A. Smith Lumber Company	:Dec.31, 18	: 6%	: 5,000.00

IT IS HEREBY FURTHER ORDERED that Oakland, Antioch & Eastern Railway be and it is hereby authorized to pledge not to exceed 109 of its first mortgage 5 per cent sinking fund 30-year gold bonds as security for the notes authorized to be issued to Westinghouse Electric & Manufacturing Company and not to exceed 42 of said bonds as security for the notes authorized to be issued to First National Bank of Oakland, provided that the bonds are pledged at such ratio that the face value of the notes secured thereby shall at no time be less than approximately 60 per cent of the value of the bonds pledged.

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

1.-The notes herein authorized to be issued may be renewed from time to time provided that no note shall be issued having a date of maturity later than December 31, 1918.,

2.-As the principal of the notes herein authorized is paid off, bonds pledged as collateral shall be released in such an amount, so that the face value of the notes shall never be less than approximately 60 per cent of the bonds pledged as collateral to secure the payment thereof.

3.-Applicant shall report in writing to the Railroad Commission the fact of the issue of any of the notes or the pledge of any of the bonds herein authorized as required in General Order No. 24, said order being made a part of this order in so far as the same is applicable:

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 21<sup>st</sup> day of December, 1917.

H. D. Howard  
Edwin O. Edgerton  
Charles R. DeWitt  
Commissioners.