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ORIGINAL

Decision No. 5250

Decision No. _____

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA.

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In the Matter of the Application of)
OAKLAND, ANTIOCH AND EASTERN RAILWAY) Application Number 3597
to issue certain notes.)

In the Matter of the Application of)
OAKLAND, ANTIOCH AND EASTERN RAILWAY) Application Number 3598
to issue certain notes.)

Jesse H. Steinhart for applicant.

EDGERTON, Commissioner.

OPINION.

The above entitled applications were consolidated for hearing and decision.

Applicant asks authority to issue notes for a term of one year or less for the purpose of renewing the following notes:

Payee	Date of Note	Term of Note	Int. (%)	Face Amount of Original Note	Balance Due
United States Steel Products Company	Nov. 26/17	Feb. 10/18	6	\$25,000.00	\$16,200.00
International Banking Corporation	March 30/14	1 day	7	22,436.25	482.51
International Banking Corporation	April 30/14	1 day	7	31,241.80	22,195.02
General Electric Co.	July 15/14	5 months	6	1,130.00	980.00
General Electric Co.	July 15/14	90 days	6	1,314.14	549.85

The issue of the note payable to the United States Steel

Products Company is covered by Decision Number 4623, dated September 6, 1917, as amended by Decision Number 5199, dated March 12, 1918. It does not appear necessary at this time to authorize the renewal of this note.

On March 30, 1914, Oakland, Antioch and Eastern Railway issued to the International Banking Corporation a one-day note for \$22,436.25. On April 30, 1914, it issued to the International Banking Corporation a one-day note for \$31,240.80. On the former note the company reports that it has paid \$21,953.74 leaving a balance of \$482.51, while on the latter note it has paid \$9,045.78, leaving a balance of \$22,195.02. The Commission has never authorized the issue of these notes. The testimony shows that the proceeds obtained by the company through the issue of these notes were used for the construction of applicant's line of railway.

Applicant reports that the payment of the notes due the International Banking Corporation is secured by \$50,000.00 face value of bonds. Applicant asks authority to continue the \$50,000.00 of bonds in pledge. I believe that as payments are being made on these notes, the amount of bonds pledged as collateral should be reduced so that at no time shall the face value of the notes be less than approximately 60 per cent of the bonds pledged as collateral to secure the payment thereof. I do not believe that applicant should pledge more than \$38,000.00 of bonds to secure the notes it desires to issue to the International Banking Corporation.

The Commission has heretofore authorized the issue of the notes payable to the General Electric Company.

It appears that the granting of this application merely maintains the status quo of applicant.

I herewith submit the following form of Order.

O R D E R.

OAKLAND, ANTIOCH AND EASTERN RAILWAY having applied to the Railroad Commission for authority to issue notes and to pledge bonds as collateral to secure the payment of said notes, a hearing having been held and it appearing that

the money, property or labor to be procured by the issue of the notes is reasonably required for the purpose or purposes specified in the order and that such purpose or purposes are not in whole or in part reasonably chargeable to operating expenses or to income,

IT IS HEREBY ORDERED that OAKLAND, ANTIOCH AND EASTERN RAILWAY be, and it is hereby, granted authority to issue promissory notes in the following amounts, at the following rates of interest and to the following payees:

Payee	Date of Issue	Term of Note	Interest (%)	Face Amount
International Banking Corporation	March 30/14	One Day	7	\$ 482.51
International Banking Corporation	April 30/14	One Day	7	22,195.02
General Electric Co.	July 15/14	5 Months	6	980.00
General Electric Co.	July 15/14	90 Days	6	549.85

IT IS HEREBY FURTHER ORDERED that OAKLAND, ANTIOCH AND EASTERN RAILWAY be, and it is hereby, authorized to issue and pledge as collateral thirty-eight (38) of its bonds to secure the payment of the notes to be issued to the International Banking Corporation.

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

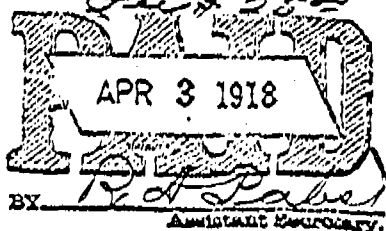
- (1).-- The notes herein authorized to be issued shall be made payable on or before March 30, 1919. Applicant may issue and re-issue said notes for a term of less than one year, provided that the maturity of any notes issued under the authority herein granted does not extend beyond March 30, 1919.

- (2).-- As the principal of the notes herein authorized to be issued to the International Banking Corporation 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. The bonds thus released shall be returned to applicant's treasury and thereafter issued only upon order of the Railroad Commission.
- (3).-- Applicant shall file monthly reports as required by the Railroad Commission's General Order Number 24, said order, being made a part of this order in so far as the same is applicable.
- (4).-- The authority herein given to issue notes and bonds shall become effective only after applicant has paid the fee specified in Section 57 of the Public Utilities Act.
- (5).-- The authority herein granted shall apply only to such bonds and notes as may be issued on or before March 1, 1919.

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 29th day of March, 1918.

Railroad Commission State of California



BY R. C. Pabel
Assistant Secretary.

Max Thelen

Edwin O. Edgerton

Edwin O. Edgerton

Commissioners.