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Decision No. 5852

ORIGINAL

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA.

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In the Matter of the Reorganization of )  
PETALUMA AND SANTA ROSA RAILWAY COMPANY, )  
a corporation, and of the application )  
for authority to transfer the properties )  
of said company to a new company to be )  
hereafter incorporated, and for permis- )  
sion to issue stocks and bonds of said )  
new company. )

Application Number 3917.

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BY THE COMMISSION:

FIRST SUPPLEMENTAL ORDER.

WHEREAS, the Railroad Commission by its order in Decision Number 5690, dated August 16, 1918, authorized the sale and transfer of the properties of Petaluma and Santa Rosa Railway Company to a new corporation, and further authorized, subject to the conditions enumerated in said order, the issue of securities; and

WHEREAS, on or about August 23, 1918, Petaluma and Santa Rosa Railroad Company was organized for the purpose of acquiring and operating the properties of Petaluma and Santa Rosa Railway Company; and

WHEREAS, Petaluma and Santa Rosa Railroad Company has filed with the Railroad Commission a copy of its articles of incorporation, of its trust deed, a description of the properties to be acquired and the stipulation referred to in the order in Decision Number 5690 relative to the amortization of reorganization expenses; and

WHEREAS, it appears to the Railroad Commission that the money, property or labor to be procured or paid for by the stock and bonds herein referred to is reasonably required for the purpose or

purposes specified in this order and that the expenditures for such purpose or purposes are not in whole or in part reasonably chargeable to operating expenses or to income; and

Good Cause Appearing;

The Railroad Commission HEREBY APPROVES the stipulation filed by Petaluma and Santa Rosa Railroad Company in the above entitled matter relative to the amortization of the reorganization expenses, also the articles of incorporation of Petaluma and Santa Rosa Railroad Company.

IT IS HEREBY ORDERED that Petaluma and Santa Rosa Railroad Company be, and the same is hereby, authorized to execute a trust deed substantially in the same form as the trust deed filed in the above entitled matter on October 10, 1918 and marked Exhibit Number "4".

IT IS HEREBY FURTHER ORDERED that Petaluma and Santa Rosa Railroad Company be, and the same is hereby, authorized to issue \$698,400 face value of 5½ per cent 25-year first mortgage bonds; \$173,600 par value of 6 per cent cumulative preferred stock and \$1,000,000 par value of common stock for the purpose of acquiring the properties of Petaluma and Santa Rosa Railway Company to be sold at foreclosure sale on October 29, 1918, pursuant to the decree of foreclosure entered by the Superior Court of the State of California in and for the County of Sonoma, in the action entitled First Federal Trust Company vs. Petaluma and Santa Rosa Railway Company.

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

- 1.-- Of the first mortgage bonds herein authorized to be issued, \$655,000 face value shall be used to pay or refund the first mortgage bonds of the Petaluma and Santa Rosa Railway Company now outstanding, and \$43,400 to pay or

refund in part the \$217,000 face value of second mortgage bonds of Petaluma and Santa Rosa Railway Company now outstanding.

2.--The preferred stock herein authorized to be issued shall be used to pay or refund in part the \$217,000 face value of second mortgage bonds of Petaluma and Santa Rosa Railway Company now outstanding.

3.--Of the common stock herein authorized to be issued, \$43,400 shall be used to pay or refund in part the \$217,000 face value of second mortgage bonds of Petaluma and Santa Rosa Railway Company now outstanding; \$956,600 par value of common stock may be issued to present stockholders of the Petaluma and Santa Rosa Railway Company or their assignees, who may subscribe for said stock at the rate of \$10.00 per share as more fully set forth in the reorganization plan, provided however, that none of this stock shall be issued to any person, firm or corporation at the rate of \$10.00 per share unless such person, firm or corporation is a stockholder of the Petaluma and Santa Rosa Railway Company or an assignee of such stockholder. Common stock not subscribed for at the rate of \$10.00 per share, as herein permitted, shall be issued only upon such conditions and for such purposes as the Railroad Commission may hereafter authorize by a supplemental order.

4.--The proceeds realized through the issue of common stock shall be applied -first, to pay the note indebtedness of \$66,400 referred to in the supplemental petition filed October 8, 1918; -second, to pay reorganization expenses, and the remainder

shall be expended only for such purposes as the Commission may authorize in a supplemental order.

- 5.--Petaluma and Santa Rosa Railroad Company shall file with the Railroad Commission within ninety (90) days after the date of this order a statement showing in detail all reorganization expenses, together with a statement showing the amount of cash and current assets acquired at the foreclosure sale.
- 6.--The approval herein given of the trust deed is for the purpose of this proceeding only and an approval only in so far as this Commission has jurisdiction under the terms of the Public Utilities Act and is not intended as an approval of said trust deed as to such other legal requirements to which said trust deed may be subject.
- 7.--The amount of securities herein authorized to be issued by Petaluma and Santa Rosa Railroad Company shall never be urged before this Commission, or other public body, as a rate base or as representing the value of the properties for any purpose other than that in this proceeding.
- 8.--Petaluma and Santa Rosa Railroad Company shall keep separate, true and accurate accounts showing the receipt and application in detail of the proceeds from the sale of the stock and bonds herein authorized to be issued, and until all of said stock and bonds are issued and the proceeds expended, shall on or before the twenty-fifth day of each month make verified reports to the Railroad Commission, in accordance with the Commission's General Order Number 24, which order, in so far as applicable, is made a part of this order.

9.--The authority herein granted shall not become effective until the fee prescribed by the Public Utilities Act has been paid.

10.--The authority herein granted shall apply only to such stock and bonds as may be issued on or before March 1, 1919.

AND IT IS HEREBY FURTHER ORDERED that the order in Decision Number 5690, dated August 16, 1918, shall remain in full force and effect except as modified by this First Supplemental Order.

Dated at San Francisco, California, this 17th day of October, 1918.

Railroad Rate Cases of California  
Fee #699  
NOV 30 1918  
By W. R. Williams  
Assistant Secretary.

Edmund G. Edgerton  
A. D. Ireland

Frank R. Doherty  
Commissioners.

Ernest W. P. [unclear]  
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