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ORIGINAL

Decision No. 6624.

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 COMPANY } Application No. 4857.
to issue certain notes. }

Steinhart, McAtee & Levy, by Jesse H. Steinhart, for
applicant.
B.L. Hodghead for J.A. Roebling's Sons Company

LOVELAND, Commissioner.

O P I N I O N .

Applicant asks permission to issue for a term of one year
or less notes as follows:

P a y e e	Date of Maturity of Note to be Refunded	Rate of Interest	Face Amount of Note
Union Switch and Signal CO.	11-1-15:	5%	\$21,113.00:
Union Switch & Signal Co.	11-1/15:	5%	4,135.00:
Union Switch & Signal Co.	10-1-15:	5%	18,249.00:
Union Switch & Signal Co.	10-1-15:	5%	2,374.00:
Union Switch & Signal Co.	10-1-15:	5%	9,308.00:
Pope & Talbot Company	9-24-15:	6%	7,169.00:
Chas. Nelson & Company	9-17-15:	6%	8,029.36:
J.A. Roebling's Sons Company	9-17-15:	7%	8,918.00:
California National Bank of Sacramento:	9-1-19:	7%	40,000.00:

The issue of all of the notes, except the \$18,249 note due Union
Switch & Signal Company, has heretofore been authorized by the Rail-
road Commission.

Applicant has filed as Exhibit "1" an escrow agreement show-
ing that on June 30, 1915, it deposited with Union Trust Company of

San Francisco \$21,000 of bonds to secure a note indebtedness of \$12,273.36 payable to J.A. Roebling's Sons Company, said bonds to be delivered to J.A. Roebling's Sons Company when their issue is authorized by the Railroad Commission. Since the execution of this agreement, applicant has paid on account \$4,000.66, leaving still \$8,918 due on the note. Applicant reports that the indebtedness represents the cost of materials and supplies purchased to construct its line of railway. The delay in filing an application to pledge the bonds is due to inadvertence. Heretofore, the Commission has permitted applicant to pledge bonds at a ratio so that the face value of the debt secured thereby would never be less than 60 per cent of the bonds pledged. I believe that the same principle should apply in the case of J.A. Roebling's Sons Company and that part of the bonds deposited with the Union Trust Company of San Francisco under the escrow agreement should be returned to applicant's treasury.

It appears that the pledging of the bonds is permitted under the reorganization plan referred to in Decision Number 6457, dated June 26, 1919. In this connection, it may be well to call attention to the fact that the authority granted to pledge bonds should not be regarded as a precedent, but is based upon the facts of this case.

I herewith submit the following form of Order.

O R D E R.

OAKLAND, ANTIOCH AND EASTERN RAILWAY COMPANY having applied to the Railroad Commission for permission to issue notes and pledge bonds, a public hearing having been held and the Commission being of the opinion that the money, property or labor to be procured or paid for by such issue is reasonably required for the purpose specified in the order, and that the expenditures for such purpose 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 COMPANY be, and it is hereby authorized to issue notes payable within one year or less after the date hereof for the purpose of refunding the balance due on the following notes:

P a y e e	Date of Maturity of Note to be Refunded	Rate of Interest	Face Amount of Note
Union Switch & Signal Company	11-1-15	5%	\$21,113.00
Union Switch & Signal Company	11-1-15	5%	4,135.00
Union Switch & Signal Company	10-1-15	5%	18,249.00
Union Switch & Signal Company	10-1-15	5%	2,374.00
Union Switch & Signal Company	10-1-15	5%	9,308.00
Pope & Talbot Company	9-24-15	6%	7,169.00
Chas. Nelson & Company	9-17-15	6%	8,029.36
J.A. Roebling's Sons Company	9-17-15	7%	8,918.00
California National Bank of Sacramento	9-1-19	7%	40,000.00

IT IS HEREBY FURTHER ORDERED that OAKLAND, ANTIOCH AND EASTERN RAILWAY COMPANY be, and it is hereby, authorized to pledge \$15,000 of its first mortgage bonds to secure the note payable to J.A. Roebling's Sons Company, and leave outstanding in the hands of the respective payees the bonds now held by them as security for their notes, provided that as payment is made on any secured note, including that held by J.A. Roebling's Sons Company, 25% percentage of bonds be returned to applicant's treasury, so that the ratio of the balance due on the note will never be less than 60 per cent of the bonds pledged.

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

- 1.-- The notes herein authorized to be issued shall bear interest at not exceeding the rate now paid on the note indebtedness referred to in this order.
- 2.-- The authority herein granted shall not become effective until applicant has paid the fee prescribed by the Public Utilities Act.

3.-- Within thirty days after the issue of the notes herein authorized, applicant shall file with the Railroad Commission a copy of such note or notes.

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 August, 1919.

Fee \$25.00

SEP 4 1919

H. Madison

Edwin O. Egan
H. Howard
Frank R. Tolson
H. B. Burdick
Dwight Martin
Commissioners.