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Decision No. 6977.

ORIGINAL

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

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In the Matter of the Application of)
SAN DIEGO AND ARIZONA RAILWAY COMPANY)
for an order authorizing the issue and)
sale of bonds.)

Application No. 808
Supplemental Petition.

Read G. Dilworth, for applicant.

BRUNDIGE, Commissioner.

SECOND SUPPLEMENTAL OPINION.

On October 11, 1918, the Commission made its order, Decision Number 5848, authorizing SAN DIEGO AND ARIZONA RAILWAY COMPANY to issue \$5,826,800.00 of 7 per cent cumulative preferred stock and not exceeding \$7,289,088.20 of its 6 per cent 40-year bonds. Applicant is authorized to issue the stock to J.D. & A.B. Spreckels and Southern Pacific Company for the purpose of paying or refunding in part the advances made by J.D. & A.B. Spreckels and Southern Pacific Company prior to October 1, 1916, pursuant to the terms of an agreement filed with the Commission. Applicant is further authorized to issue the \$7,289,088.20 of bonds to J.D. & A.B. Spreckels and Southern Pacific Company for the purpose of paying and refunding advances made by J.D. & A.B. Spreckels and Southern Pacific Company to pay bank loans and to finance the construction of applicant's line of railway subsequent to October 1, 1916, as provided for in the aforementioned agreement.

At the time of the former decision, it was believed that the stock and bonds which the Commission therein authorized to be issued, would be sufficient to entirely finance the construction of

applicant's railway. Applicant now reports in its supplemental petition filed November 6th, and also furnished evidence showing, that increases in the cost of labor and materials due to conditions brought about by the war, additional payments required to be made to the contractors and sub-contractors in adjusting and making good actual losses sustained by them, because of such conditions, in carrying to completion their contracts for the construction of part of applicant's railroad under such conditions, and increased payments made and to be made to the contractors and sub-contractors now engaged in constructing the remaining portion of applicant's railroad, made necessary because of such conditions, have materially increased the cost of such construction over the estimates heretofore made and filed with the Commission. Applicant therefore asks authority to issue \$710,911.90 of additional bonds to refund advances made or to be made by the Southern Pacific Company to pay in part the cost of construction of applicant's railroad. All of the bonds will be taken by the Southern Pacific Company at par.

I herewith submit the following form of order.

SIXTEENTH SUPPLEMENTAL ORDER

SAN DIEGO AND ARIZONA RAILWAY COMPANY having applied to the Railroad Commission for authority to issue 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 or purposes specified in this order;

IT IS HEREBY ORDERED that SAN DIEGO AND ARIZONA RAILWAY COMPANY be, and it is hereby, granted authority to issue and sell to the Southern Pacific Company at not less than par, on or before March 30, 1920, \$710,911.80 face value of its 6 per cent 40-year bonds, in addition to the bonds authorized in Decision Number 5848 dated October 11, 1918, for the purpose of paying or refunding advances made by

said Southern Pacific Company to pay for and finance in part the construction of applicant's line of railway subsequent to October 1, 1916, pursuant to the terms of the agreement attached to a supplemental petition filed herein on June 3, 1918 and marked Exhibit "A", PROVIDED;

1.--- That, San Diego and Arizona Railway Company will keep such record of the issue and sale of the bonds herein authorized, and of the disposition of the proceeds, as will enable it to file on or before the twenty-fifth day of each month, a verified report as required by the Railroad Commission's General Order No. 24, which order, in so far as applicable, is made a part of this order; and

PROVIDED FURTHER;

2.--- That, the authority herein granted will not become effective until applicant has paid the fee prescribed by the Public Utilities Act.

The foregoing Second Supplemental Opinion and Sixteenth Supplemental Order are hereby approved and ordered filed as the Second Supplemental Opinion and Sixteenth Supplemental Order of the Railroad Commission of the State of California.

Dated at San Francisco, California, this 19th day of December, 1919.

Railroad Commission State of California
John A. [unclear]
DEC 26 1919
J. M. [unclear]
Assistant Secretary

Edwin D. Edgerton
H. L. [unclear]
Stanley [unclear]
H. R. [unclear]
Dwight [unclear]
Commissioners.