

ES

Decision No., 7026.

ORIGINAL

BEFORE THE RAILROAD COMMISSION OF  
THE STATE OF CALIFORNIA.

---oOo---

In the Matter of the Application )  
of the reorganization of )  
OAKLAND AND ANTIOCH RAILWAY, )  
OAKLAND, ANTIOCH AND EASTERN RAILWAY, )  
and SAN RAMON VALLEY RAILROAD. )

Application Number 4555.

Jesse H. Steinhart, for applicant.

EDGERTON, Commissioner.

SECOND SUPPLEMENTAL OPINION

On November 19, 1919, the Railroad Commission made its order authorizing San Francisco and Sacramento Railroad to issue not exceeding \$4,000,000.00 of common stock; not exceeding \$1,330,000.00 of 6% preferred stock, and not exceeding \$2,100,000.00 of five year 7 per cent bonds to carry into effect the reorganization plan of Oakland, Antioch and Eastern Railway, Oakland and Antioch Railway and San Ramon Valley Railroad. The record shows that none of the stock and bonds have been issued and that none will be issued.

The reorganization plan has been modified and it is now proposed to organize SAN FRANCISCO-SACRAMENTO RAILROAD COMPANY and have it issue not exceeding \$6,550,000.00 of common stock; not exceeding \$1,330,000.00 of 7 per cent preferred stock, and not exceeding \$900,000.00 of 6 per cent serial bonds, as provided for and referred to in the amended reorganization plan. It provides for the refunding of the secured and unsecured debt of Oakland and Antioch Railway,

Oakland, Antioch and Eastern Railway and San Ramon Valley Railroad through the issue of common and preferred stock. The exact amount of stock which will be issued for these purposes is not known at this time, because some of the bonds deposited may be withdrawn, or additional bonds may be deposited.

San Francisco-Sacramento Railroad Company also asks permission to issue \$900.00 of its common stock (9 shares) to qualify the members of its Board of Directors.

San Francisco-Sacramento Railroad Company asks permission to execute a mortgage, a copy of which is on file, securing the payment of \$3,000,000.00 of bonds bearing interest at not more than 6 per cent per annum. There are to be issued forthwith not exceeding \$900,000.00 of bonds, one-twentieth of which will mature annually from 1921 to 1940. The new company intends to use the proceeds obtained from the sale of the bonds to pay first lien creditors, to pay non-assenting bondholders, to pay part or all of the reorganization expenses, to finance the construction of additions and betterments, and for working capital.

I herewith submit the following form of order.

SECOND SUPPLEMENTAL ORDER.

The Railroad Commission having been asked to modify the order in Decision Number 6457, dated June 26, 1919, as indicated in the foregoing opinion, a public hearing having been held, and the Railroad Commission being of the opinion that the money, property or labor to be procured or paid for by the issue of the stock and bonds herein authorized is reasonably required for the purpose or purposes specified in this order and that the expenditures for such purpose or purposes, other than those to pay reorganization expenses, are not in whole or in part reasonably chargeable to operating expenses or to income;

IT IS HEREBY ORDERED that SAN FRANCISCO-SACRAMENTO RAILROAD COMPANY be, and it is hereby authorized, to execute a deed of trust substantially in the same form as the deed of trust filed in this proceeding on January 9, 1920.

IT IS HEREBY FURTHER ORDERED that SAN FRANCISCO-SACRAMENTO RAILROAD COMPANY be, and it is hereby, authorized to issue at par 9 shares (\$900.00) of its common stock to qualify directors and use the proceeds for working capital.

IT IS HEREBY FURTHER ORDERED that the order in Decision Number 6457, dated June 26, 1919, be, and it is hereby, modified so as to permit San Francisco-Sacramento Railroad Company to issue not exceeding \$6,550,000.00 of common stock; not exceeding \$1,330,000.00 of 7 per cent preferred stock, and not exceeding \$900,000.00 of 6 per cent serial bonds.

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

- 1.-- The common, except the 9 qualifying shares, and preferred stock herein authorized to be issued, or so much thereof as may be necessary shall be distributed to the bondholders and creditors of Oakland, Antioch and Eastern Railway, Oakland and Antioch Railway and San Ramon Valley Railroad for the purpose of carrying out the amended reorganization plan on file in this proceeding and referred to in the supplemental petition filed December 22, 1919.
- 2.-- The bonds herein authorized to be issued shall be sold by San Francisco-Sacramento Railroad Company, for cash, at not less than 90 per cent of their face value and accrued interest and the proceeds used for the following purposes, or for such other purposes as the Railroad Commission may hereafter authorize:--
  - A.-- For working capital and payment of reorganization expenses,.....\$150,000.00
  - B.-- The remainder of the proceeds may be used by

San Francisco-Sacramento Railroad Company to pay first liens and interest thereon, pay non-assenting bondholders, pay the construction of additions and betterments including among other things, one-half of the cost of the branch line to Pittsburg, ballast the entire line, concrete the tunnel, purchase five cars and construct two warehouses.

- 3.-- San Francisco-Sacramento Railroad Company shall file with the Railroad Commission within 90 days after the date hereof, a statement showing what amount, if any, of the proceeds from the sale of the bonds have been used to pay reorganization expenses, which reorganization expenses are to be amortized in accordance with a stipulation on file with the Commission.
- 4.-- Within 90 days after the date hereof, San Francisco-Sacramento Railroad Company shall file with the Railroad Commission for approval its book entries relative to the issue of the stock and bonds herein authorized and the purchase of the properties to which reference has been made.
- 5.-- The approval herein given of said deed of trust is for the purpose of this proceeding only, and an approval 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 deed of trust as to such other legal requirements to which said deed of trust may be subject.
- 6.-- San Francisco-Sacramento Railroad Company shall keep such record of the issue and sale of the stock and 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 Number 24, which order, in so far as applicable, is made a part of this order.
- 7.-- The authority herein granted will not become effective

until San Francisco-Sacramento Railroad Company has paid the fee prescribed in the Public Utilities Act.

8.-- The authority herein granted will apply only to such stock and bonds as may be issued on or before July 1, 1920

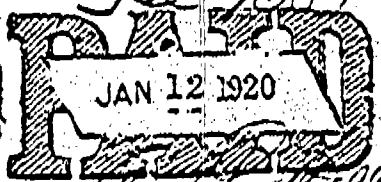
IT IS HEREBY FURTHER ORDERED that the order in Decision Number 6849, dated November 19, 1919, be, and it is hereby, revoked.

IT IS HEREBY FURTHER ORDERED that the order in Decision Number 6457, dated June 26, 1919, shall remain in full force and effect, except as modified by the Second Supplemental Order.

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

Dated at San Francisco, California, this 12<sup>th</sup> day of January, 1920.

Railroad Commission State of California



BY W. J. Williams  
Assistant Secretary

Edwin C. [Signature]  
[Signature]  
[Signature]

Commissioners.