

Decision No. 8482.

BEFORE THE RAILROAD COMMISSION OF THE
STATE OF CALIFORNIA

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In the Matter of the Application of)
UNITED RAILROADS OF SAN FRANCISCO,)
of MARKET STREET RAILWAY COMPANY, and)
of FRANK B. ANDERSON, WILLIAM H. CROCKER,)
HERBERT FLEISHHACKER, JOHN D. MCKEE and)
E.S. HELLER, as a Reorganization Commit-)
tee of United Railroads of San Francisco,)
for authorization to issue stocks, bonds)
and notes, and to take proceedings pur-)
suant to a Reorganization Plan and)
Agreement.)

Application
Number
5840

Pillsbury, Madison & Sutro, by F.D. Madison, for
Reorganization Committee of the United Railroads
of San Francisco;
William M. Cannon for United Railroads of San Francisco
and Market Street Railway Company;
Morrison, Dunne & Brobeck, by H.E. Phleger, for certain
bondholders of San Francisco Electric Railways;
E.P.E. Troy in propria persona.

BY THE COMMISSION:

C O P I N I O N

This application involves the reorganization of the
UNITED RAILROADS OF SAN FRANCISCO. The Commission is asked to make
an order authorizing the Reorganization Committee and other parties
interested to carry into effect the reorganization plan filed in this
proceeding and marked applicants' "Exhibit No. 23". The consent of
the Commission is necessary for the transfer of the properties of
the United Railroads of San Francisco, to Market Street Railway
Company; for the execution of a mortgage and a collateral trust
agreement; for the lease of properties, and for the issue of stock,
bonds and notes. The details of the plan, in so far as they re-
late to matters primarily within the jurisdiction of the Commission

and the amounts of stock, bonds and notes to be issued, will be referred to below.

The United Railroads of San Francisco was organized in March, 1902, with an authorized capital stock of \$40,000,000.00 divided into 200,000 shares of 4 per cent cumulative preferred of the par value of \$100.00 each, and 200,000 shares of common stock of the par value of \$100.00 each. In 1907, the company increased its capital stock by providing for an issue of \$5,000,000.00 of 7 per cent cumulative first preferred stock divided into 50,000 shares of \$100.00 each. On February 16, 1909, the company reduced its common stock from \$20,000,000.00 to \$18,800,000.00. Of the company's authorized stock, \$5,000,000.00 of first preferred, \$20,000,000.00 of preferred and \$17,948,600.00 of common is outstanding. All of the stock is either owned or controlled by California Railway and Power Company.

The bonded and note indebtedness assumed, issued or guaranteed by the United Railroads of San Francisco and now outstanding, consists of the following:

Class of Security	Amount Outstanding
<u>(a) --- Bonds:</u>	
Market Street Cable Railway Co. 6's,.....	\$ 1,800,000.00
The Omnibus Cable Co. 6's,.....	2,000,000.00
Ferry & Cliff House Railway Co. 6's,.....	400,000.00
Sutter Street Railway Co. 5's,.....	1,000,000.00
Market Street Railway Co. 5's,.....	6,641,000.00
United Railroads of San Francisco 4's,...	23,500,000.00
San Francisco Electric Railways 5's,.....	191,000.00
Gough Street Railroad Co. 5's,.....	45,000.00
Total Bonds,.....	<u>\$35,577,000.00</u>
<u>(b) --- Notes:</u>	
7 per cent Notes,.....	\$ 1,925,000.00
6 per cent Notes,.....	740,000.00
5 per cent Notes,.....	1,000,000.00
Total Notes,.....	<u>\$ 3,665,000.00</u>
Total Bonds and Notes,.....	<u><u>\$39,242,000.00</u></u>

The bonds of the San Francisco Electric Railways, \$191,000.00, and Gough Street Railroad Company, \$45,000.00, will be paid in cash. The \$6,641,000.00 of Market Street Railway Company 5 per cent bonds will remain outstanding.

The bonds and note indebtedness of the United Railroads of San Francisco, directly effected by the reorganization plan, and the amount of such indebtedness, as well as the amount of stock represented by those who have consented to the reorganization plan, is reported as follows:

Bonds, Notes or Stock	Outstanding	Consented	Per Cent
A. BONDS:			
Market St. Cable Co. 6's	\$ 1,800,000	\$ 1,800,000	100
The Omnibus Cable Co. 6's	2,000,000	1,923,000	96
Ferries & Cliff House Ry. Co. 6's	400,000	400,000	100
Sutter St. Railway Co. 5's	1,000,000	987,000	99
United Railroads of S.F. 4's	23,500,000	22,987,000	97
Total Bonds ,	28,700,000	28,097,000	97.899
B.-- NOTES:			
Seven Per Cent Notes	1,925,000	1,925,000	100
Six Per Cent Notes	740,000	740,000	100
Five Per Cent Notes	1,000,000	1,000,000	100
Total Notes ,	3,665,000	3,665,000	100
C.-- STOCK:			
First Preferred Stock	5,000,000	5,000,000	100
Second Preferred Stock	20,000,000	20,000,000	100
Common Stock	17,948,600	17,948,600	100
Total Stock ,	42,948,600	42,948,600	100
Total Bonds, Notes and Stock effected by plan	75,313,600	74,710,600	99.199

The report shows that all of the holders of bonds, notes and stock directly effected by the reorganization plan, except holders of \$603,000.00 of bonds, have consented to the plan.

The primary reason for the reorganization of the United Railroads of San Francisco is its inability to pay matured bonded indebtedness and interest on outstanding indebtedness. The Market Street Cable Railway Company bonds, in

the amount of \$1,800,000.00, matured October 15, 1916; Ferries and Cliff House Railway Company bonds, in the amount of \$400,000.00, matured March 1, 1914; Omnibus Cable Company bonds, in the amount of \$2,000,000.00, matured April 2, 1918; and Sutter Street Railway Company bonds, in the amount of \$1,000,000.00, matured May 1, 1918. The four bond issues due and payable amount to \$5,200,000.00. Interest has regularly been paid on these bonds as well as on the outstanding Market Street Railway Company bonds. On October 1, 1916, United Railroads of San Francisco failed to pay interest on \$25,500,000 of its 4 per cent bonds and none has since been paid on these bonds. Foreclosure proceedings have actually been prepared for Market Street Cable Company bonds, Ferry and Cliff House bonds and United Railroads of San Francisco bonds.

To carry out the reorganization plan, the Reorganization Committee proposes to call upon the Union Trust Company of San Francisco, as trustee for the holders of the 4 per cent bonds of the United Railroads of San Francisco, to take such steps as may be necessary or proper to accelerate the maturity of said 4 per cent bonds and to make them all immediately and forthwith payable, and then to cause said trust company to bring suit to foreclose the said mortgage or deed of trust securing said bonds, and to have all the said properties covered by said mortgage or deed of trust sold at judicial sale to the highest bidder in accordance with the terms of said mortgage or deed of trust. If no other bidders appear, who are ready, able and willing to buy the properties, the Reorganization Committee will purchase or cause to be purchased all of said properties subject to all underlying mortgages. It will thereupon cause all of the operative properties and franchises of said United Railroads

of San Francisco, formerly owned by the Sutter Street Railway Company, Sutro Railroad Company and San Francisco and San Mateo Electric Railway Company to be transferred to an individual, who will execute a first mortgage thereon to secure \$5,200,000.00 of 6 per cent 5-year notes of the Market Street Railway Company, which are to be issued as provided in the reorganization plan. Prior to the execution of said first mortgage, the committee will cause Market Street Railway Company to lease to said individual, his successors or assigns, for a fair and reasonable rental sufficient rolling stock and equipment to enable said individual, his successors or assigns, to operate said railroad lines of the Sutter Street Railway Company, Sutro Railroad Company and San Francisco and San Mateo Electric Railway Company. The Reorganization Committee will then cause the said operative properties of the Sutter Street Railway Company, Sutro Railroad Company and San Francisco and San Mateo Electric Railway Company and; said agreement of lease, subject to said mortgage, and all the rest of the real and personal property now belonging to the United Railroads of San Francisco and acquired at said judicial sale to be transferred to the Market Street Railway Company, and will cause the other acts to be done as provided in the reorganization plan, in consideration for the issuance and delivery by that company of the bonds, notes and shares of stock provided for in the reorganization plan, and the performance by said Market Street Railway Company of all of the steps and acts provided for in the plan capable of being taken and performed at the time, and the agreement by said Market Street Railway Company to take in due time all the steps and perform all the acts provided for in the reorganization plan which may not at that time be capable of being then performed.

The \$5,200,000.00 of Market Street Railway Com-

pany notes, the payment of which is to be secured by a mortgage on the operative properties and franchises formerly owned by Sutter Street Railway Company, Sutro Railroad Company and San Francisco and San Mateo Electric Railway Company and by the lease of rolling stock and equipment, is to be further secured by \$5,200,000.00 of Market Street Railway Company bonds. The \$5,200,000.00 of Market Street Railway Company notes plus \$500,000.00 in cash will be delivered to the holders of the \$5,200,000.00 of bonds of Market Street Cable Railway Company, The Omnibus Cable Company, Ferries and Cliff House Railway Company and Sutter Street Railway Company. The cash payment in effect means that the underlying bondholders are accepting the notes at approximately 90. While Market Street Railway Company bonds in the amount of \$5,200,000.00 are to be pledged as collateral, should such bonds for any reason be reduced to ownership, the outstanding indebtedness of Market Street Railway Company will not thereby be increased for the reason that the amount of bonds deposited is equal to the face value of the notes secured. The \$5,200,000 of bonds to be pledged as collateral may therefore be disregarded in contrasting the proposed capitalization of Market Street Railway Company with the present capitalization of the United Railroads of San Francisco.

A copy of the proposed mortgage, of the collateral trust agreement and of the lease agreement have been filed and all are in satisfactory form.

As recited above, there are \$23,500,000.00 of 4 per cent United Railroads of San Francisco bonds outstanding. Under the reorganization plan, the holders of these bonds will receive:

a.--	15% in Market Street Ry. Co. 5% Bonds,...	3,525,000.00
b.--	50% in Market Street Ry. Co. prior preference stock,...	11,750,000.00
c.--	5% in Market St. Ry. Co. preferred stock, ..	1,175,000.00
d.--	10% in Market St. Ry. Co. 2nd preferred stock, ..	2,350,000.00
e.--	20% in Market St. Ry. Co. common stock,	4,700,000.00
		<u>\$23,500,000.00</u>

The holders and owners of United Railroads of San Francisco notes and stock consisting of --

a.---	7% Notes,.....	\$1,925,000.00
b.---	6% Notes,.....	740,000.00
c.---	5% Notes,.....	1,000,000.00
d.---	Preferred Stock,.....	5,000,000.00
e.---	Second Preferred Stock,.....	20,000,000.00
f.---	Common Stock,.....	17,948,600.00
	Total,.....	<u>\$46,613,600.00</u>

will receive of Market Street Railway Company:--

Preferred Stock,.....	\$3,625,000.00
Second Preferred Stock, ..	2,350,000.00
Common Stock,.....	6,000,000.00
Total,.....	<u>\$12,175,000.00</u>

To summarize, if the reorganization plan is carried into effect, Market Street Railway Company will have at the time the plan is fully carried out bonds, notes and stock outstanding as follows:

Five per cent Bonds due September 1, 1924, ..	\$10,166,000.00
Six per cent Notes due September 1, 1924, ...	5,200,000.00
Six per cent Prior Preference Stock,.....	11,750,000.00
Six per cent Preferred Stock,.....	5,000,000.00
Six per cent Second Preferred Stock,.....	4,700,000.00
Common Stock,.....	10,700,000.00
Total,.....	<u>\$47,516,000.00</u>

The proposed reorganization plan in so far as it relates to the capitalization of the United Railroads of San Francisco properties will produce these results. -- The present outstanding bonds, notes and stock will be reduced from \$82,190,600.00 to \$47,516,000, -the reduction amounting to \$34,674,000.00. The indebtedness will be reduced from \$39,242,000.00 to \$15,366,000.00, -the reduction amounting to \$23,876,000. The capital stock will be reduced from \$42,948,600 to \$32,150,000, -the reduction amounting to \$10,798,600.00. The annual interest charges will be reduced from approximately \$1,815,000.00 to \$820,300.00, -the reduction amounting to \$994,700.00.

During 1918 and 1919, United Railroads of San Francisco reported operating revenues, expenses and taxes as follows:

I T E M		
Railway operating revenues	: \$7,510,894.09	: \$ 8,629,547.00
Railway Operating Expenses	: 5,051,685.24	: 6,106,149.65
Net Operating Revenue.....	: 2,479,210.85	: 2,523,397.35
Less Taxes	: 408,000.00	: 468,800.00
OPERATING INCOME.....	: \$2,071,210.85	: \$ 2,054,597.35

The operating expenses include no allowance for depreciation, for which Richard Sachse, Chief Engineer of the Commission, suggests a charge of \$250,000. per annum. Had such a charge been made during 1918 and 1919 and the proposed reorganization plan been in effect, there would have been available for payment of interest, sinking fund and dividends, the amount of \$1,821,210.85 in 1918 and \$1,804,397.35 in 1919. The amount available for interest, sinking fund and dividends for 1920 is estimated by the Commission's engineers at . . . \$2,050,000. The interest charges under this proposed plan of reorganization will amount to \$820,300., the sinking fund payment to \$320,000. making a total of \$1,140,300., which, if deducted from the \$2,050,000. leaves \$909,700. available for dividends. These figures are based entirely upon the continuation of the five cent fare in San Francisco.

Applicants have filed in this proceeding an appraisal of the properties of the United Railroads of San Francisco prepared by A.L. Black. There has also been filed an appraisal of the properties prepared by the Commission's engineering department.

	:Reproduction : Cost New : June 30, : 1920	:Reproduction :Cost New Less :Depreciation :June 30, 1920	:Historical :Cost New : June 30, : 1920
Company	:\$60,090,895.00	:\$52,210,195.00	:\$25,830,592.00
Commission's engineers	: 51,856,218.00	: 41,424,961.00	: 30,806,514.00
Difference.....	:\$ 8,234,675.00	:\$10,785,234.00	:\$ 5,023,878.00

The historical cost new, less depreciation of the properties, is estimated by the Commission's engineering department at \$25,327,964. A. L. Black did not submit an estimated historical cost new less depreciation. Both A. L. Black and the Commission's engineers assumed, in estimating the reproduction cost new, a 3-year construction period and applied to the inventory what they regarded as average prices for the 3-year period ending June 30, 1920. In arriving at the historical cost, effect was given to the prices prevailing at the time

the properties were built, in so far as such prices were obtainable.

The estimated reproduction cost new less depreciation of the physical properties, as reported by A.L.Black, is \$10,785,234. more than that reported by the Commission's Engineering Department, while the estimated historical cost new, as reported by A.L.Black, is \$5,023,878. in excess of that reported by the Commission's Engineering Department. These differences are due to the use of different unit prices and to direct and overhead allowances.

The appraisal figures on the preceding page cover the physical property only and do not include any allowance for various intangible items or elements of value, such as cost of building up the present organization, the cost of financing, going concern value and the cost of developing the company's business. The net current and miscellaneous assets of the United Railroads of San Francisco, as of October 31, 1920, amount to approximately \$2,300,000., which includes \$1,617,199.11 of cash, and \$96,384.74 of special deposits.

The principal franchises under which the United Railroads of San Francisco is operating, terminate from 1929 to 1932. During these years franchises affecting more than 60% of the company's mileage expire. We assume that the present stock and bond holders of the United Railroads of San Francisco are familiar with this situation. On account of the termination of the important franchises and because of municipal competition and the uncertainty of what the attitude of the city will be at the time the franchises terminate, it is practically impossible to consider the capitalization of this company facing expiring franchises and the other conditions mentioned on the same basis as a company with an assured continuance as a going concern. The very substantial reduction in capitalization is obviously a great improvement and the Commission holds this to be the main consideration in granting the application. The reduction in indebtedness and fixed charges should enable the Market Street Railway Company to operate the properties in a satisfactory manner.

The United Railroads of San Francisco operates under lease the properties of San Francisco Electric Railways consisting in general of the Parkside, Parnassus and Visitacion lines and 100 St. Louis cars. The United Railroads of San Francisco guaranteed the payment of \$1,416,000 of San Francisco Electric Railway bonds. Of these, \$351,000.00 are reported to be in the sinking fund of San Francisco Electric Railways, \$874,000.00 are owned by the United Railroads of San Francisco and \$191,000. are outstanding and in the hands of the public. The mortgage or deed of trust securing the payment of the bonds constitutes a lien on the properties of San Francisco Electric Railways. It is alleged that San Francisco Electric Railways has defaulted in sinking fund payments. H.H. Paleger, representing certain bondholders of the company, took the position at the hearing that because of the default and for other reasons, the bonds of San Francisco Electric Railways should be paid. Counsel for the Reorganization Committee in reply and in a statement filed since the hearing, agreed to the payment of the \$191,000. of San Francisco Electric Railways bonds. The Commission is of the opinion that these bonds, as well as \$45,000.00 of bonds of Gough Street Railroad Company which are also guaranteed by the United Railroads of San Francisco should be paid, and the order herein will contain a condition to that effect.

There has not been filed with the Commission a statement showing the reorganization expenses. Applicants have agreed to file such statement as soon as the expenses are known. The Commission will require the filing of such a statement as well as a stipulation relating to the amortization of the reorganization expenses.

O R D E R.

Application having been made to the Railroad Commission for an order authorizing the transfer and lease of

public utility properties, the execution of a mortgage and a collateral trust agreement, the issue of stock, bonds and notes by Market Street Railway Company and the carrying into effect of the reorganization plan of the United Railroads of San Francisco filed in this proceeding and marked "Exhibit 23", a public hearing having been held and the Commission being of the opinion that this application should be granted subject to the conditions of this Order;

IT IS HEREBY ORDERED as follows:

1.--United Railroads of San Francisco is hereby authorized to cause all the properties operative and non-operative owned by it, including cash and income, to be sold through judicial proceedings in connection with the foreclosure of the mortgage dated June 1st, 1902 securing its 4 per cent bonds, and if at such sale said properties are bought by Frank B. Anderson, William E. Crocker, Herbert Fleishacker, John D. McKee and E.S. Heller, or a majority of them, as a reorganization committee, or their nominee or nominees, this order will become operative, otherwise not.

2.--Said Reorganization Committee is hereby authorized to transfer or cause to be transferred all the operative properties and franchises formerly owned by the Sutter Street Railway Company, Sutro Railroad Company and San Francisco and San Mateo Electric Railway Company, and included among the properties purchased by said committee, to a nominee of said committee.

3.--Said last mentioned nominee is hereby authorized to mortgage all of said properties so transferred to him as security for \$5,200,000.00 of 6 per cent 5-year notes to be executed and issued by the Market Street Railway Company; said mortgage of said nominee

securing said \$5,200,000.00 of notes to be substantially in the same form as the mortgage filed in this proceeding and marked "Exhibit 27".

4.--- Said Market Street Railway Company is hereby authorized to agree to lease railroad equipment and rolling stock to said last mentioned nominee sufficient to enable him to operate said railroad lines for a term of seven years; said lease to be substantially in the form of the lease filed in this proceeding and marked "Exhibit 29".

5.--- Said last-mentioned nominee is hereby authorized to transfer all of said properties acquired by him together with said lease to the Market Street Railway Company subject to said mortgage.

6.--- Said Reorganization Committee is hereby authorized to transfer or cause to be transferred to Market Street Railway Company all other property purchased by it at said foreclosure sale, including all cash and income, except bonds of the United Railways Investment Company aggregating \$790,000 and notes of Railroads and Power Development Company aggregating \$901,384.77, and upon condition that so much of said cash as may be necessary will be used for the payment of \$191,000. of bonds of San Francisco Electric Railways held by the public and \$45,000. of the bonds of the Gough Street Railroad Company, said payments to be made on or before the initial distribution of the securities herein authorized to be issued, and upon the further condition that said Market Street Railway Company shall perform and carry out all the conditions and obligations imposed upon it or upon said Reorganization Committee in or by the plan of reorganization filed in this proceeding and marked "Exhibit 23".

7.--- San Francisco Electric Railways and Gough Street Railroad Company are hereby authorized to transfer all of their properties

except shares of stock of the United Railroads of San Francisco, to the Market Street Railway Company.

8.--Market Street Railway Company is hereby authorized to issue \$11,750,000.00 of prior preference, \$5,000,000.00 of preferred, \$4,700,000.00 of second preferred and \$10,700,000.00 of common stock, said stock to be issued to the parties and for the purposes mentioned in the reorganization plan filed in this proceeding and marked "Exhibit 23".

9.--Market Street Railway Company is hereby authorized to issue \$5,200,000.00 of 6 per cent 5-year notes dated September 1, 1919, and secure the payment of such notes by the issue and deposit of \$5,200,000.00 of its 5 per cent bonds dated ~~October~~ ^{September} 1, 1894 and by the aforesaid first mortgage on the operative properties now owned by United Railroad of San Francisco and formerly belonging to Sutter Street Railway Company, Sutro Railroad Company and San Francisco and San Mateo Electric Railway Company, --the form of said notes and the form of the deed of trust securing the same by the pledge of Market Street Railway Company bonds shall be substantially in the same forms as those filed in this proceeding and marked "Exhibit 26" and "Exhibit 28".

10.--Market Street Railway Company is hereby authorized to issue and deliver to the Reorganization Committee, or its order, for the purpose of carrying out the plan of reorganization filed in this proceeding and marked "Exhibit 23", and for the purpose of acquiring properties provided for therein, the following bonds, notes and shares of stock of Market Street Railway Company:

September
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Market Street Railway Company bonds dated	
October 1, 1894, with unmatured coupons	
attached,.....	\$3,525,000.00
New Six per cent notes dated September 1,	
1919, with unmatured coupons attached,.....	5,200,000.00

Prior Preference Stock,	\$11,750,000.00
Preferred Stock,	5,000,000.00
Second Preferred Stock,	4,700,000.00
Common Stock,	10,700,000.00

In the opinion of the Commission the money, property or labor to be procured or paid for by such issue is reasonably required for the purposes specified herein and are not in whole or in part reasonably chargeable to operating expenses or to income.

11.---Market Street Railway Company is hereby authorized to acquire the following number, or any greater number of shares of stock of the following public utilities:

- (a) ---1150 shares of California Street Cable Railroad
- (b) ---~~9976~~ shares of San Francisco Electric Railway
- (c) ---~~18976~~ shares of Sutter Street Railway Company
- (d) ---~~28078~~ shares of Sutro Railroad Company
- (e) ---9995 shares of San Francisco and San Mateo Electric Railway Company
- (f) ---9994 shares of Metropolitan Railway Company
- (g) --- 597 shares of Gough Street Railroad
- (h) --- 130 shares of South San Francisco Railroad and Power Company.

99975
OK 76718
19995
OK 76718
23073
OK 76718

12.--- The Reorganization Committee is hereby authorized to issue scrip representing fractional ^{holdings} or interest in said Market Street Railway Company bonds, or in the new 6 per cent notes or in the stock herein authorized to be issued. Said scrip shall carry no right to direct payment of interest on itself or on the bonds or notes to which it pertains, and no right to vote or receive direct payment of dividends on the stock to which it pertains, but with other scrip aggregating one or more bonds, notes or shares of stock, shall be convertible into full bonds, notes or shares of stock which latter

will carry with them all accumulated interest or dividends which may have been paid thereon during such deposit.

13.--The Reorganization Committee is hereby authorized to issue notes or shares of stock in temporary form, which shall be exchangeable for notes or shares of stock in permanent form as soon as the latter may be ready for exchange.

14.--The Reorganization Committee and other applicants in this proceeding shall file with the Railroad Commission a statement showing the reorganization expenses. No such expenses shall be paid unless approved by the Commission, or the Reorganization Committee and applicants advised that the approval by the Commission of the payment of the expenses is not necessary. There shall also be filed with the Commission by a person or persons properly authorized a stipulation to be approved by the Commission to the effect that the reorganization expenses will, at such time, in such amounts and in such manner as the Railroad Commission may order, be amortized out of income.

The authority herein granted is subject to further conditions as follows:

A.--Applicants shall exchange or cancel or cause to be exchanged or cancelled the following bonds, notes and shares of stock:

Bonds:

Market Street Cable Railways, matured Jan. 1, 1913..	\$1,800,000
Ferries & Cliff House Railway Co., matured March	
1, 1914,	400,000
The Omnibus Cable Co., matured April 2, 1918,	2,000,000
Sutter Street Railway Co., matured May 1, 1918,	1,000,000
United Railroads of San Francisco, maturing April	
1, 1927,	23,500,000
San Francisco Electric Railways,	191,000
Gough Street Railroad Company,	45,000

Notes:

United Railroads 7 per cent Notes,	1,925,000
United Railroads 6 per cent Notes,	740,000
United Railroads 5 per cent Notes,	1,000,000

Stock:

United Railroads First Preferred Stock,	5,000,000
United Railroads Second Preferred Stock,	20,000,000
United Railroads Common Stock,	17,948,600

B.--Applicants shall cause the trustees under the various trust deeds securing the above-mentioned bond issues to execute and deliver proper releases and reconveyances where authorized by and in accordance with the terms of the respective trust deeds

C.--The authority herein granted will not become effective until Market Street Railway Company shall have paid the fee prescribed by the Public Utilities Act.

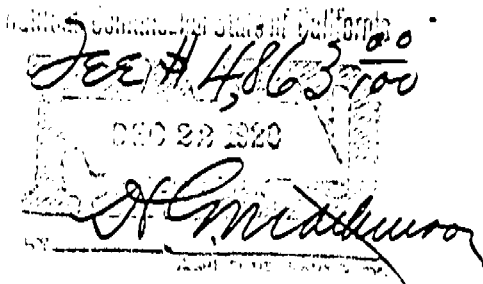
D.--Market Street Railway Company shall keep such record of the issue and delivery of the bonds, notes and stock herein authorized as will enable it to file on or before the 25th day of each month a verified report as required by the Railroad Commission's General Order No. 24, which order, in so far as applicable, is made a part of this order.

E.--Within sixty days after the execution, Market Street Railway Company shall file with the Railroad Commission a verified copy of the mortgage securing the payment of the \$5,200,000.00 of 5-year 6 per cent notes, of the collateral trust agreement under which \$5,200,000.00 of its bonds are deposited and of the lease of rolling stock and equipment to the nominee who will acquire the properties of Sutter Street Railway Company, Sutro Railroad Company and San Francisco and San Mateo Electric Railway Company.

F----- The securities herein authorized to be issued, and the consideration given in payment for the properties, shall not be urged before the Commission or any other body of competent jurisdiction, as a measure of value of said properties for the purpose of fixing rates or any purpose other than the transfers herein authorized.

G----- The authority herein granted will apply only to such bonds, notes and stock as may be issued and delivered on or before June 30, 1921.

Dated at San Francisco, California, this 22nd day of December, 1920.



Edwin O. Edgerton
H. D. Leland
Frank H. White
H. B. Sandage
Dwight Martin
Commissioners.