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Decision No. 7153.

ORIGINAL

BEFORE THE RAILROAD COMMISSION OF THE
STATE OF CALIFORNIA.

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 FLEISHECKER, JOHN)
D. MCKEE and E.S. HELLER, as a Reor-)
ganization Committee of UNITED RAIL-)
ROADS OF SAN FRANCISCO, for authori-)
zation to issue stocks, bonds and)
notes, and to take proceedings pursu-)
ant to a Reorganization Plan and)
Agreement.)

Application
Number
5840.

BY THE COMMISSION:

FIRST SUPPLEMENTAL ORDER

By Decision No. 8482, dated December 22, 1920, the Commission authorized the issue of stocks, bonds and notes, and the performance of other acts, necessary to carry into effect the reorganization plan of the United Railroad of San Francisco, subject, among others, to the following condition:

"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."

A statement of the reorganization expenses has been filed with the Commission and it appears therefrom that all of said expenses will be paid out of the net earnings of the United Railroads of San Francisco, such payment having been made possible through the non-payment of interest on the United Railroads of San Francisco 4 per cent. bonds. It is therefore to all intents and purposes the bondholders own money which will be used to pay the reorganization expenses and the bondholders have apparently given their consent to this disbursement of their funds. It further appears that none of the reorganization expenses will be charged to the capital account of, or be paid out of the income of Market Street Railway Company. Under these circumstances, the Commission necessarily concludes that it has no jurisdiction over the proposed payment of the reorganization expenses. Therefore, it is not proper to investigate certain charges and expenses which appear excessive and payment of which would only be sanctioned by the Commission after strict inquiry and justification if the funds to be used were subject to the Commission's control.

NOW, THEREFORE, IT IS HEREBY ORDERED, that the supplemental petition filed in the above entitled matter on May 19th, 1921, be, and it is hereby, dismissed for want of jurisdiction.

DATED at San Francisco, California, this 24th day of June, 1921.

H. B. ...
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COMMISSIONERS 252