

Decision No. 28249

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of)
YOSEMITE VALLEY RAILROAD COMPANY,)
YOSEMITE VALLEY RAILWAY COMPANY,)
and AMERICAN TRUST COMPANY, Trustee,)
for an order authorizing the sale of)
all properties of Yosemite Valley) Application No. 19961
Railroad Company and for an order)
authorizing the issue of stock by)
Yosemite Valley Railway Company.)

McCutchen, Olney, Mannon & Greene, for applicants.

BY THE COMMISSION:

O P I N I O N

ORIGINAL

In this proceeding the Commission is asked to enter its order authorizing the sale at public auction of all the properties of Yosemite Valley Railroad Company and authorizing Yosemite Valley Railway Company to issue 2,000 shares of its capital stock without par value.

The Yosemite Valley Railroad Company has outstanding \$4,063,500. of common stock, \$2,318,000. of first mortgage 5% bonds due January 1, 1936, and \$2,000,000. of second mortgage 5% bonds due January 1, 1936.

The company has failed to make interest payments on its first mortgage bonds since January 1, 1932 and has failed to make the required sinking fund payments under its first mortgage since 1928. It has paid no interest on its second mortgage bonds, nor has it made any sinking fund payments under its second mortgage. As of December 31, 1934 the company's annual report shows matured and unpaid interest in the sum of \$2,257,000. Of this sum, \$347,700. represents unpaid interest on the company's first mortgage bonds and the balance, unpaid interest on the second mortgage bonds.

A Yosemite Valley Railroad First Mortgage Bondholders Protective Plan and Agreement, dated as of October 25, 1932 has been executed by Howard C. Bonsall, Wm. B. Bosley, F. E. Eckhart, Richard W. Fewel and W. L. Temple as the Committee on behalf of such holders of the first mortgage bonds as become parties to said agreement.

It is also reported that a Yosemite Valley Railroad Company Second Mortgage Bondholders Reorganization Plan and Agreement, dated January 1, 1934 has been executed by Dunning Rideout, William J. Brennan and Wellington Henderson, as the Committee on behalf of such holders of the second mortgage bonds as become parties to said agreement.

The reorganization plans, among other things, contemplate that the second mortgage will be foreclosed by means of a sale of the properties of the Yosemite Valley Railroad Company, subject to the first mortgage bonds, by American Trust Company as the trustee under the said second mortgage indenture and that the Yosemite Valley Railway Company may acquire the same from the Committee for the second mortgage bondholders or its nominee, in the event said Committee or said nominee is the purchaser of the properties. In exchange for the properties Yosemite Valley Railway Company asks permission to issue 2,000 shares of its common stock without par value.

The stock which Yosemite Valley Railway Company will issue will be issued and/or transferred to voting trustees. The management of the properties will be under the general control of voting trustees, three of whom will represent the holders of first mortgage bonds and two of whom will represent the stockholders of Yosemite Valley Railway Company.

O R D E R

The Commission having considered applicant's requests and being of the opinion that this is not a matter on which a hearing is necessary, and that this application should be granted subject to the

to the provisions of this order, that the money, property or labor to be procured or paid for through the issue of not exceeding 2,000 shares of common capital stock without par value is reasonably required by Yosemite Valley Railway Company for the purposes herein stated and that the expenditures for such purposes are not in whole or in part reasonably chargeable to operating expenses or to income, therefore,

IT IS HEREBY ORDERED as follows:-

1. Applicant, Yosemite Valley Railroad Company and applicant, American Trust Company, Trustee, may on or before December 31, 1935, sell at public auction all of the properties of said Yosemite Valley Railroad Company, subject to said company's first mortgage bonds.
2. Applicant, Yosemite Valley Railway Company may, on or before December 31, 1935 issue and deliver not exceeding 2,000 shares of its common capital stock without par value in payment for the said properties of Yosemite Valley Railroad Company, said stock to be delivered to the holders of second mortgage bonds of Yosemite Valley Railroad Company, or their agents, in the ratio of one share of stock for each \$1,000. second mortgage bond deposited under the re-organization plan and agreement dated March 1, 1934.
3. Yosemite Valley Railway Company shall file with the Railroad Commission within ten (10) days after their respective dates of execution, certified copies of the voting trust agreement and of the proceedings had in foreclosing the second mortgage and the sale of the properties thereunder.
4. Yosemite Valley Railway Company shall keep such record of the issue, sale and delivery of stock and of the disposition of the proceeds 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 insofar as applicable, is made a part of this order.

DATED at San Francisco, California, this 30th day of
September, 1935.

Leon Whidell

M. A. Carr

W. B. Lewis

W. H. ...

Frank R. ...

Commissioners.