

Decision No. 22187

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of }
AMERICAN TOLL-BRIDGE COMPANY, }
a Delaware corporation, for an order } Application No. 23184
authorizing issue of bonds. }

BY THE COMMISSION:

O P I N I O N

In this proceeding, American Toll-Bridge Company, a Delaware corporation, asks permission to issue and sell at par, \$2,400,000 of First Mortgage 3½% Bonds, due December 1, 1945 (unless such bonds are theretofore redeemed as provided in the trust indenture securing the payment of said bonds) and to use the proceeds realized from the sale of said \$2,400,000 of bonds to pay 5½% bonds now outstanding.

Applicant is engaged in the operation of two toll bridges in the State of California known, respectively, as the Carquinez Bridge and the Antioch Bridge. The former crosses the Straits of Carquinez between the Counties of Contra Costa and Solano and the latter crosses the Sacramento River between the Counties of Contra Costa and Sacramento. Applicant also, through stock ownership, controls the Rodeo-Vallejo Ferry Company and the Martinez-Benicia Ferry and Transportation Company. The former company is at this time not engaged in any public utility business. The latter operates a ferry service between Martinez and Benicia.

As of October 31, 1939, American Toll-Bridge Company and Rodeo Vallejo Ferry Company report assets and liabilities as follows:

ASSETS

CURRENT ASSETS

Cash in Bank, Certificate of Deposits	\$ 501,190.36	
" " " Will F. Morrish Account	22,719.51	
Refund Account	37,714.01	
Fidelity & Deposit Co., Bond, Certificate of Deposits	75,000.00	
Golden West Building & Loan Certificate	5,000.00	
Berkeley Guarantee Building & Loan Certificate	5,000.00	\$ 646,623.88
Accounts Receivable	31,450.29	
Notes Receivable	1.00	
	31,451.29	
Less Reserve for Doubtful Accounts	2,058.95	29,392.34

RETIREMENT & REDEMPTION FUNDS

Bank of California, Principal (New Bonds 5½s)	126,000.00	
" " " Interest " "	48,510.00	
" " " Call	3,150.00	177,660.00

PROPERTY & INVESTMENTS

Real Estate	270,542.69	
Less Amortization of Bridge Lands	81,255.80	189,286.89
Carquinez Bridge	7,863,151.17	
Antioch Bridge	1,734,477.02	
Martinez-Benicia Ferry Co.	137,725.00	
Furniture & Fixtures	29,626.23	
	9,764,989.47	

LESS RESERVE FOR DEPRECIATION

Carquinez Bridge	\$3,511,279.87	
Antioch Bridge	786,988.37	
Furniture & Fixtures	18,523.26	
Other Property	18,673.04	
	4,335,524.54	5,429,464.93

OTHER PROPERTY

\$193,000.00 Par Value Series "D" 1st Mtg. Bonds	193,122.50	
374,351 sh. Class "A" A.T.B.Co. of Calif.	332,959.57	
Less Option Agreement 150,000 shs.	46,252.63	286,706.94
	479,829.44	

FRANCHISE

1.00

PREPAID CHARGES

Insurance	12,616.17	
Taxes Unexpired	11,446.22	
Prepaid Rental	200.00	
Unamortized Bond Discount & Expense (Old Issue)	199,267.76	
" " " " " "		
(New Issue 5½s)	83,404.66	
Unamortized Premium on 1st & 2nd Mtg. Bonds (Old Issue)	57,180.87	364,115.68

TOTAL ASSETS

\$7,316,374.16

LIABILITIES

CAPITAL STOCK

Authorized 5,000,000 shares \$1.00 Par
Issued and Outstanding \$3,719,593.00

FUNDED DEBT

1st Mtg. 5½% Serial Bonds 2,800,000.00

CURRENT LIABILITIES

Accounts Payable	\$ 3,190.30	
Taxes Payable	926.70	
Accrued Interest 1st Mtg. 5½% Bonds	<u>38,500.00</u>	42,607.00

DEFERRED CREDITS

Prepaid Rent	49,370.16	
Reserve for California Unemployment Fund	108.75	
Reserve for Federal Old Age Annuity	80.91	
" " Employees Retirement	30,000.00	
" " Unclaimed Dividends	2,313.34	
" " Impound Fund	37,714.01	
" " Taxes, Federal, State, etc.	15,719.94	
" " U. S. Treasury, Dividends withheld	.15	
Reserve for 2% Gross Earnings Tax	<u>25,259.42</u>	160,666.63

SURPLUS

Capital Surplus	24,152.00	
Earned Surplus	569,355.48	<u>593,507.48</u>

TOTAL LIABILITIES

\$7,316,374.16

Applicant had outstanding on October 31, 1939, \$2,800,000 of 5½% First Mortgage Bonds, due August 1, 1945, unless paid prior thereto through the use of sinking fund or other moneys. In the trust indenture securing the payment of the 5½% Bonds, applicant reserved the right to redeem said bonds. Presently the company if it exercises its right of redemption must pay the principal of said 5½% Bonds, the accrued interest thereon, and a premium of 2½% of the principal amount of the bonds redeemed.

It is of record that applicant has agreed to sell at par to The Equitable Life Assurance Society \$2,400,000 of its 3½% First

Mortgage Bonds. The proceeds realized from the sale of said bonds as indicated, together with other funds at hand, will be used by applicant to redeem said \$2,800,000 of 5½% bonds.

Applicant has filed as Exhibit "A" a copy of its proposed indenture, which it intends to execute to The Bank of California National Association, to secure the payment of said 3½% bonds. The indenture will be a lien on all of the properties of the American Toll-Bridge Company. It secures the payment of a bond issue limited to \$2,400,000. As stated, the bonds will bear interest at the rate of 3½% per annum. The interest is payable semi-annually on June 1 and December 1 of each year. For the purpose of providing a sinking fund for the retirement of the bonds, the company covenants that it will pay to the Trustee on or before the 25th day of May and the 25th day of November, commencing May 25, 1940, so long as any of the bonds shall be outstanding, the sum of \$203,500 in cash. In lieu of making the cash payment, the company may, at its option, surrender for cancellation to the Trustee, bonds secured by the trust indenture. Under the terms of the trust indenture, the company shall have the right, subject to the provisions of said trust indenture, at any and all times prior to their maturity, to redeem all or any of said 3½% bonds by the payment of the principal of said bonds, the accrued interest, and a premium of 2½% of the principal if the bonds are redeemed on or before December 1, 1942; if the bonds are redeemed on or before December 1, 1943, a premium of 2%; if redeemed on or before December 1, 1944, a premium of 1%. Thereafter the company is not required to pay any premium. No premium need be paid on bonds redeemed through the use of sinking fund moneys.

The company covenants and agrees that it will not at any time subsequent to December 31, 1939, so long as any of the bonds are outstanding, pay any dividends or make any payments or distributions of any kind on or in respect of any shares of its stock of any class or purchase or redeem any shares of its stock of any class if at the time or as the result of any such payment, distribution, purchase or redemption the consolidated net working capital of the company, computed without deduction for any sinking fund payments due or to fall due within 12 months, is or would be reduced below \$350,000.

The trust indenture further provides that the Trustee shall be and continue in actual possession and control of the income, revenue, tolls and receipts derived from traffic over the properties conveyed to the Trustee and commonly referred to as the Carquinez Bridge and the Antioch Bridge, and that said income, revenue, tolls and receipts shall be expended as provided in the trust indenture. Because of the unusual conditions under which applicant is operating, we have no objection to it executing a trust indenture in substantially the same form as that filed in this proceeding as Exhibit "A," such authority, however, being without derogation of the Commission's authority to make any lawful order respecting the operation of said toll bridges.

O R D E R

The Commission having considered applicant's request and it being of the opinion that this is not a matter on which a public hearing is necessary; that applicant should be authorized to issue and sell after the effective date hereof and prior to

February 1, 1940, \$2,400,000 of its 3 $\frac{1}{2}$ % First Mortgage Bonds for the purpose of redeeming its outstanding bonds; that the money, property or labor to be procured or paid for by the issue of said bonds is reasonably required for the purpose herein stated; that the expenditures for said purpose are not in whole or in part reasonably chargeable to operating expenses or income, and that this application should be granted subject to the provisions of this order, therefore

IT IS HEREBY ORDERED as follows:

1. American Toll-Bridge Company may, after the effective date hereof and prior to February 1, 1940, issue and sell at not less than par \$2,400,000 of its First Mortgage 3 $\frac{1}{2}$ % Bonds, due December 1, 1945, subject to prior redemption as provided in the trust indenture herein authorized to be executed, and use the proceeds realized from the sale of said bonds to pay in part its outstanding 5 $\frac{1}{2}$ % bonds.

2. American Toll-Bridge Company may, after the effective date hereof and prior to February 1, 1940, execute a trust indenture in substantially the same form as the trust indenture filed in this proceeding as Exhibit "A," provided, that the authority herein granted to execute said trust indenture is for the purpose of this proceeding only, and is granted insofar as this Commission has jurisdiction under the terms of the Public Utilities Act, and is not intended as an approval of said trust indenture as to such other legal requirements to which it may be subject and provided, further, that said authority shall be without derogation of the Commission's authority to make any lawful order respecting the operation of said toll bridges.

3. The authority herein granted will become effective when American Toll-Bridge Company has paid the fee prescribed by Section 57 of the Public Utilities Act, which fee is One Thousand Seven Hundred Dollars (\$1,700).

4. Within thirty (30) days after the issue and sale of the bonds herein authorized, American Toll-Bridge Company shall file with the Railroad Commission a report or reports in compliance with the Commission's General Order No. 24-A, which order insofar as applicable is made a part of this order.

5. Within thirty (30) days after the execution of the trust indenture herein authorized, American Toll-Bridge Company shall file with the Railroad Commission two certified copies of said trust indenture.

Dated at San Francisco, California, this 19th day of December, 1939.

Raymond C. Brown
Ray L. Riley
H. L. [unclear]
Justus J. Cooney
Commissioners.

