

Decision No. 32675

ORIGINAL

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of  
SAN JOSE CITY LINES, INC.,  
formerly named San Jose Railroads,  
a corporation, for an order authoriz-  
ing applicant to amend its mortgage,  
chattel mortgage, or deed of trust,  
of January 1, 1910, by a supplemental  
agreement.

Application No. 23186

BY THE COMMISSION:

OPINION AND ORDER

San Jose City Lines, Inc., formerly called San Jose Railroads, on January 1, 1910 executed to Mercantile Trust Company of San Francisco, predecessor of American Trust Company, as trustee, an indenture of mortgage or deed of trust to secure the payment of its bonds. The company now has issued and outstanding \$395,000 face value of bonds bearing interest at 5% per annum, payable semi-annually. The bonds mature on January 1, 1955. All of the bonds are presently owned by the Pacific City Lines, Inc., which corporation also owns all of the issued and outstanding stock of applicant. The bonds, however, are deposited with the Wells Fargo Bank and Union Trust Co. as further security for the payment of the bonds issued by San Jose and Santa Clara County Railroad Company. The agreement under which the bonds are deposited with the Wells Fargo Bank and Union Trust Co. provides that the applicant is entitled to the interest on the bonds.

Applicant proposes to execute an agreement supplemental to its mortgage or deed of trust dated January 1, 1910 for the purpose of reducing the interest payment on the bonds from 5% per annum to 2½% per annum, payable semi-annually on January 1 and July 1 of each year,

commencing January 1, 1940, and ending January 1, 1946 and for the further purpose of eliminating for the future all sinking fund requirements under the indenture. The agreement, however, provides that if the legal ownership of one or more of applicant's bonds now issued and outstanding be transferred by any private, public or judicial sale or otherwise, from Pacific City Lines, Inc. or from San Jose and Santa Clara County Railroad Company or their successors or assigns, to any person, corporation or firm, prior to December 31, 1945, the interest on the bonds will immediately, upon such transfer, increase to 5% per annum and the sinking fund provisions in the indenture of January 1, 1910, will immediately and automatically, without any further action by the parties to the agreement, come into full force and effect as if never abrogated or cancelled by the agreement.

The bonds now on deposit with the Wells Fargo Bank and Union Trust Co. will be stamped with the following statement:-

" The interest on this bond has been reduced from five per cent (5%) per annum to two and one half per cent (2-1/2%) per annum for the period from July 1, 1939, to and including December 31, 1945, by an agreement dated as of \_\_\_\_\_ supplemental to the mortgage or deed of trust, including a chattel mortgage, securing this bond. The sinking fund mentioned in this bond and the requirements provided in the original indenture have been totally abrogated and rescinded by said agreement. Reference is hereby specifically made to said original indenture and to said agreement supplemental thereto for a complete statement of their contents and for the present rights of the holders of the bonds thereunder issued and the coupons attached thereto."

A copy of the agreement is filed in this proceeding as Exhibit C.

The Commission has considered applicant's request and is of the opinion that this is not a matter on which a hearing is necessary and that applicant's request should be granted subject to the provisions of this Opinion and Order, therefore,

IT IS HEREBY ORDERED that San Jose City Lines, Inc. be, and it is hereby, authorized to execute an agreement supplemental to its mortgage or deed of trust dated January 1, 1910, in, or substantially in, the same form as that filed in this proceeding as Exhibit C, provided that the authority herein granted is for the purpose of this proceeding only, and is granted only insofar as this Commission has jurisdiction under the terms of the Public Utilities Act, and is not intended as an approval of said agreement as to such other legal requirements to which it may be subject.

IT IS HEREBY FURTHER ORDERED that within thirty (30) days after the execution of said agreement, San Jose City Lines, Inc. shall file with the Railroad Commission two certified copies thereof.

DATED at San Francisco, California, this 27<sup>th</sup> day of December, 1939.

[Handwritten Signature]  
[Handwritten Signature]  
[Handwritten Signature]  
[Handwritten Signature]

COMMISSIONERS