

Decision No. 50575

**ORIGINAL**

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of	)	
BAY AREA PUBLIC SERVICE CORPORATION,	)	
a corporation, and RAILWAY EQUIPMENT	)	
& REALTY COMPANY, LTD., a corporation,	)	Application
for orders under Sections 816 and 851	)	No. 35368
of the Public Utilities Code, author-	)	
izing issuance of shares and sale and	)	
lease of assets.	)	
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Donahue, Richards, Rowell & Gallagher, by George E. Thomas and Joseph A. Woods, Jr., for applicants. John A. Ferguson, stockholder, protestant. Robert J. Foley, City Attorney of the City of Albany; Mrs. Kathie Zahn, in propria persona; Fred C. Hutchinson, City Attorney, and Robert T. Anderson, Assistant City Attorney, of the City of Berkeley; Dion R. Holm, City Attorney, and Paul L. Beck of the City Attorney's Office, City and County of San Francisco; J. P. Clark, City Attorney, City of Alameda; Chickering & Gregory, by John Philip Coghlan; Robert E. Nisbet, Deputy City Attorney, City of Oakland; and John J. Garvey, Jr., Administrative Assistant to City Manager, City of Richmond; interested parties. J. T. Phelps, for the Commission's staff.

O P I N I O N

On April 20, 1954, Bay Area Public Service Corporation and Railway Equipment & Realty Company, Ltd. filed the above entitled application for an order authorizing the transfer and lease of properties and the issue of shares of stock. Thereafter, following a public hearing, the Commission by Decision No. 50617, dated October 5, 1954, entered an interim order stating that upon acceptance of certain conditions it would "consider the issuance of a final order authorizing the transfer by Railway Equipment and Realty Company, a Delaware corporation, to Bay Area Public Service Corporation, a California corporation, of the property set forth in Exhibit B, attached to the application, in exchange for 57,000 shares

of the common stock of Bay Area Public Service Corporation, each share having a par value of one dollar". The prescribed conditions were stated as follows:

(1) That the Railway Equipment & Realty Company, Ltd., in addition to the assets herein proposed to be transferred, also transfer to the Bay Area Public Service Corporation at least 50 percent of the current assets, which are \$1,447,584.95.

(2) That at no time shall a majority of the Board of Directors of Bay Area Public Service Corporation be also directors of Railway Equipment & Realty Company, Ltd.

(3) That at no time shall the president of Bay Area Public Service Corporation be also president of Railway Equipment & Realty Company, Ltd.

(4) That the authority granted herein shall not be deemed to be a finding of the reasonableness, for rate-fixing purposes, of any contract, agreement, or transaction entered into between Bay Area Public Service Corporation and Key System Transit Lines, or between Bay Area Public Service Corporation and Railway Equipment & Realty Company, Ltd., or the reasonableness for such purposes of any charge, payment or obligation arising out of any such contract, agreement, or transaction.

(5) That the Bay Area Public Service Corporation and the Railway Equipment & Realty Company, Ltd., prior to any consummation of the transfer herein authorized, shall file with this Commission a satisfactory written acceptance of the conditions herein imposed.

The presidents of Railway Equipment & Realty Company, Ltd. and of Bay Area Public Service Corporation now have informed the Commission in writing of acceptance of each of the conditions.

In the light of this acceptance we will enter a final order in this proceeding. It is our opinion, and we so find, that the proposed transfer will not be adverse to the public interest and that the money, property or labor to be procured or paid for by the issue of 57,000 shares of stock is reasonably required by Bay Area Public Service Corporation for the purpose specified herein, which purpose is not, in whole or in part, reasonably chargeable to operating expenses or to income.

The action taken herein shall not be construed to be a finding of the value of the properties herein authorized to be transferred.

O R D E R

An interim order having been issued in Decision No. 50617, dated October 5, 1954, prescribing certain conditions as set forth in the preceding opinion, written acceptance of such conditions having been filed, and the Commission being of the opinion that a further hearing is not necessary and that a final order should be entered; therefore,

IT IS HEREBY ORDERED as follows:

1. Railway Equipment & Realty Company, Ltd. may sell its properties to Bay Area Public Service Corporation, as set forth in this proceeding.
2. Bay Area Public Service Corporation, in payment for said properties, may issue to Railway Equipment & Realty Company, Ltd. not exceeding 57,000 shares of its common stock and may assume the obligations of Railway Equipment & Realty Company, Ltd. with respect

to that company's outstanding conditional sales contracts.

3. Bay Area Public Service Corporation may lease properties thus to be acquired by it from Railway Equipment & Realty Company, Ltd. to Key System Transit Lines, under the terms and conditions set forth in this proceeding.

4. Within 60 days after completion of the transfer herein authorized and the issue of said shares of stock, Bay Area Public Service Corporation shall file with the Commission a report as required by General Order No. 24-A and a statement showing each of the journal entries by which it recorded the acquisition of the properties of Railway Equipment & Realty Company, Ltd. on its own books of account.

5. The authority herein granted will become effective upon the date hereof, and unless exercised will expire on February 28, 1955.

Dated at San Francisco, California, this 21<sup>st</sup> day of DECEMBER, 1955.

[Signature]  
President

[Signature]

[Signature]

[Signature]

[Signature]  
Commissioners