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Decision No. 11245.

ORIGINAL

BEFORE THE RAILROAD COMMISSION OF THE
STATE OF CALIFORNIA

In the Matter of the Application of)
PACIFIC SOUTHWESTERN RAILROAD COMPANY)
to issue and sell stock.)

Application No. 8299.

E. J. Foulds for Applicant.

BY THE COMMISSION.

O P I N I O N.

PACIFIC SOUTHWESTERN RAILROAD COMPANY asks permission to issue and sell, at par, \$100,000.00 of its common stock for the purpose of financing the cost of acquiring rights-of-way and of constructing a standard gauge railroad.

A public hearing in this proceeding was held before Examiner Williams in Los Angeles on November 10, 1922.

The record shows that Pacific Southwestern Railroad Company was organized on or about September 8, 1922, with an authorized capital stock of \$100,000.00 divided into 1000 shares of the par value of \$100.00 each, all shares being common. The company proposes to construct a railroad of standard gauge from Lompoc on the line of the Southern Pacific Railroad Company in Santa Barbara County to a point known as White Hills, a distance of about four miles.

The record shows that applicant was organized and will operate as a common carrier of both passengers and freight, but that the bulk of its business will consist in moving freight of the Celite Company, an industrial corporation located at White Hills and engaged in the production of earthen commodities. It appears that the

Celite Company at present is moving about 2000 carloads of freight a year by truck between White Hills and Lompoc, and that this business hereafter will be handled by applicant. It is thought that additional business will be developed in the White Hills district. Applicant's officials estimate that the gross operating revenue will be about \$32,000.00 a year and its expenses \$25,000.00 a year.

R.J. Wig, applicant's vice-president, testified that the company must expend approximately \$8,000.00 in obtaining rights-of-way, and \$90,000.00 in constructing its road. It seems that the company will acquire little, if any, equipment, the freight being carried in cars leased from the Southern Pacific Company. It is of record that applicant will issue and sell only so much of the stock now applied for as will be necessary to obtain the funds needed for the purposes indicated herein, and that any stock so issued will be purchased by the Celite Company at its par value.

O R D E R

PACIFIC SOUTHWESTERN RAILROAD COMPANY having applied to the Railroad Commission for permission to issue and sell \$100,000. of its common capital stock, a public hearing having been held and the Railroad Commission being of the opinion that the money, property or labor to be procured or paid for by such issue is reasonably required for the purposes specified herein and that the expenditures for such purpose or purposes are not in whole or in part reasonably chargeable to operating expenses or to income;

IT IS HEREBY ORDERED, that PACIFIC SOUTHWESTERN RAILROAD COMPANY be, and it is hereby, authorized to issue and sell, at not less than par value, on or before April 30, 1923, not exceeding \$100,000.00 of its common capital stock, and to use the proceeds for the purpose of acquiring rights-of-way and

constructing its line of railroad referred to in the foregoing opinion; provided--

THAT applicant will keep such record of the issue, sale and delivery of the stock herein authorized 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, in so far as applicable, is made a part of this order.

DATED at San Francisco, California, this 18th
day of November, 1922.

H. B. Brundage
Erving Warren
Charles Downing
J. J. Pennington

Commissioners.