

BEFORE THE RAILROAD COMMISSION
OF THE STATE OF CALIFORNIA.

Decision No. 1471

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ORIGINAL

In the Matter of the Application of
LOS ANGELES AND SAN DIEGO BEACH RAILWAY
COMPANY for an order authorizing the
issue of a promissory note of the face
value of \$15,000.

Application No. 1043.

In the Matter of the Application of
LOS ANGELES AND SAN DIEGO BEACH RAILWAY
COMPANY for an order authorizing the
issue of a promissory note of the face
value of \$19,000.

Application No. 1067.

Leovy and Leovy for applicant.

THEILEN, Commissioner.

O P I N I O N .

In these two applications, Los Angeles and San Diego Beach Railway Company asks authority to issue two promissory notes, one in the sum of \$15,000 and one in the sum of \$19,000, as will hereinafter appear in greater detail.

Applicant owns and operates a line of railway, upon which is operated a freight and passenger service by means of gasoline cars and steam trains, between San Diego and La Jolla, all within the incorporated limits of the City of San Diego.

Applicant's authorized stock consists of 20,000 shares of the par value of \$100 each. The amount of stock issued and outstanding is 5460 shares, fully paid, and 1650 shares upon which ten per cent has been paid. Applicant has issued no bonds and there is no mortgage against its property.

Applicant's indebtedness as of April 1, 1914, was as follows:

Short term notes.....	\$	3,533.04
One day notes, 6%.....		32,000.00
Four months note, 6%.....		15,000.00
Four months note, 6%.....		3,000.00
E.S.Babcock's running account, one day obligation, interest credited monthly on credit balance at 7%, due January 31, 1914.....		123,622.47
Total.....	\$	177,155.51

By its decision No. 1382, rendered on December 16, 1913, this Commission found that the reproduction value new of this property, as of June 30, 1912, was \$554,589.77 and that its depreciated reproduction value as of the same date was \$461,015.91.

The note of \$15,000, which applicant desires to execute, is to be made payable to American National Bank of San Diego, is to bear interest at 6 per cent per annum and its term is to be four months from the date of this Commission's order authorizing its issue. The proceeds thereof are to be used to take up an existing note of the same amount, payable to the same bank, which note in turn was issued to take up two earlier notes in the sums of \$10,000 and \$5,000, the funds from which earlier notes were used in 1911 and 1912 for construction purposes.

The note for \$19,000 which applicant desires to execute is to be made payable to The Citizens National Bank of Los Angeles, California, is to have a term of four months after date of the order authorizing its issue and is to bear interest at the rate of 7 per cent per annum. The proceeds of this note are to be used to take up note of E. S. Babcock to the same bank, dated January 19, 1914, in the same amount, which note was executed to take up a note of applicant to the same bank, in the same sum, dated August 30, 1913, which note was in turn issued to take up an earlier note the proceeds whereof went into construction in 1912 and 1913. Babcock gave his own note temporarily to take up the applicant's note of August 30, 1913, for the reason that the bank was pressing for payment and applicant did not desire to wait to secure this Commission's approval to the issue of its own note.

The issue of applicant's notes to secure moneys for construction purposes is, of course, only a temporary species of financing. Applicant has now secured from the City Council of San Diego an extension of its franchises and will shortly apply to this Commission for authority to issue bonds to electricize its line of railroad and also to take up its floating indebtedness incurred for

capital expenditures. In the meantime, I recommend that these applications be granted.

I submit the following form of order:

O R D E R .

LOS ANGELES AND SAN DIEGO BEACH RAILWAY COMPANY having applied to this Commission for an order authorizing the issue of the two promissory notes hereinafter specified and a public hearing having been held upon said applications, and the Commission finding that the purposes for which the proceeds of said notes are to be used are not in whole or in part reasonably chargeable to operating expenses or to income.

IT IS HEREBY ORDERED that Los Angeles and San Diego Beach Railway Company be and the same is hereby authorized to issue its promissory note in the sum of \$15,000, bearing interest at the rate of 6 per cent per annum, payable four months after the date of this order, payable to American National Bank of San Diego, or order, and its promissory note in the sum of \$19,000, bearing interest at the rate of 7 per cent per annum, payable four months after the date of this order, payable to The Citizens National Bank of Los Angeles, California, on the following conditions and not otherwise, to-wit:-

1. Los Angeles and San Diego Beach Railway Company shall issue said notes at not less than their face value.

2. Los Angeles and San Diego Beach Railway Company shall use the proceeds of the first of said notes to take up note of July 18, 1913 in the same amount in favor of the same bank and shall use the proceeds of the second of said notes to take up note of E.S. Babcock, endorsed by Charles T. Hinde, dated January 19, 1914, in the same amount, payable to the same payee.

3. Los Angeles and San Diego Beach Railway Company shall report to this Commission the fact of the issue of said notes and the terms of their issue.

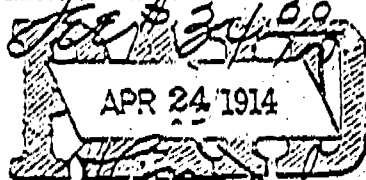
4. This order shall apply only to promissory notes issued prior to June 1, 1914.

5. This order shall not become effective until the fee specified in Section 57 of the Public Utilities Act, as amended, has been paid.

The foregoing opinion and order are hereby approved and ordered filed as the opinion and order of the Railroad Commission of the State of California.

Dated at San Francisco, California, this 15th day of April, 1914.

Railroad Commission State of California



BY

H. M. Hewson
Assistant Secretary.

H. J. Loveland
W. A. Gordon
Edwin W. Edgerly
Max Hiller

Commissioners.