

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA.

In the matter of the application
of Glendale and Eagle Rock Rail-
way Company for authority to is-
sue bonds in the sum of \$150,000. }

Application No. 1046.

LOVELAND, Commissioner.

First Supplemental Opinion.

In its order in the foregoing matter issued on April 11, 1914, this Commission authorized Glendale and Eagle Rock Railway to issue \$65,000 of its first mortgage 6 per cent 15 year bonds. The proceeds from the sale of these bonds were to be used to refund existing indebtedness amounting to \$38,039.55 and for additions and betterments in the sum of \$21,550.

In a supplemental application Glendale and Eagle Rock Railway Company asks for authority to issue additional bonds which, if sold at 90, would net the company \$62,568, or approximately \$70,000. It asks to be allowed to issue these additional bonds for the following purposes:

Notes due Pacific Electric Railway for cars,	\$ 5,000.00
Equipment:	
One freight locomotive,	900.00
Two box cars,	1,800.00
One overhead repair car,	750.00
Freight track, switches and spurs, freight and passenger depots and platform at Eagle Rock,	3,250.00
Labor on above,	500.00
Messenger Vineyard Spur at Wash,	700.00
Spur at Sparr Orchard, freight shed and platform,	1,000.00
Difference in cost of bridges at Verdugo Wash,	500.00
One additional passenger car for Montrose line	2,250.00
	<hr/>
Carried Forward	\$16,650.00

Brought Forward,	\$16,650.00
One 500 K. W. Generator Set,	\$10,000.00
Bills Payable,	5,791.00
To reimburse J. Frank Walters for moneys advanced,	<u>30,127.00</u>
Total,	\$62,568.00

The petition states that it is proposed to put \$35,000 of the bonds issued heretofore or to be issued to J. Frank Walters in escrow where they will draw no interest. When this application was first presented, Mr. J. Frank Walters, who owns all of the stock of the corporation, offered the equity in a lot on the southwest corner of Ninth and Wall Streets in the city of Los Angeles as security for the payment of the interest upon the bonds. In the supplemental application Mr. Walters offers the equity in this lot as security for the payment of principal as well as the interest on the bonds until such time as the earnings of the road shall be sufficient to pay the interest upon the bonds.

This lot is 100 ft. x 140 ft. in size and the application values it at \$85,000. It is now under mortgage in the sum of \$25,000 to the German American Trust and Savings Bank. The applicant estimates the value of the equity at \$60,000.

Because of the necessities of this railway and in view of the additional security to be offered, I believe the Commission may authorize additional bonds. The additional equipment is necessary for the purposes of the line as are the spurs and switches and the new bridge at the Verdugo Wash. The generator set is also necessary and the company is obliged to pay its notes due the Pacific Electric Railway Company to complete the purchase of cars now in service. In addition, the company is obliged to pay certain accounts payable in the sum of \$5,791.

I believe the applicant should be allowed to issue bonds for these items in the sum of \$32,441.

In addition to the items above enumerated, application is made to issue bonds for the purpose of reimbursing Mr. J. Frank Walters for money advanced in the sum of \$30,127. At this time I shall recommend that bonds be issued to reimburse Mr. Walters in the sum of \$10,000. At some future time, if the earnings of the road justify, authority may be given to issue additional bonds to reimburse Mr. Walters.

I therefore believe that authority should be granted to applicant to issue bonds which, if sold at 90, will yield \$42,441. In order to make allowances for any readjustment of the various items, I shall recommend that bonds be issued in the sum of \$50,000 which, if sold at 90, will yield \$45,000.

I recommend the following form of order:

O r d e r

Glendale and Eagle Rock Railway Company having applied to this Commission in a supplemental application for authority to issue its first mortgage 6 per cent 15 year bonds under a proposed deed of trust to Hellman Commercial Trust and Savings Bank of Los Angeles in the sum of \$70,000, and a hearing having been held, and it appearing that the purpose for which it is proposed to issue these bonds in a sum up to \$50,000 are not in whole or in part chargeable to operating expenses or to income;

IT IS HEREBY ORDERED that Glendale and Eagle Rock Railway Company be given authority and it is hereby given authority to issue \$50,000 of said 6 per cent first mortgage bonds. Said bonds may be issued upon the following conditions and not otherwise:

1. Said bonds shall be sold so as to net the applicant herein not less than 90 per cent of par value thereof plus accrued interest.

2. The proceeds from the sale of said bonds shall be used for the following purposes:

Notes due Pacific Electric Railway for cars,	\$5,000.00
Equipment:	
One freight locomotive,	900.00
Two box cars,	1,800.00
One overhead repair car,	750.00
Freight track, switches and spurs, freight and passenger depots and platform at Eagle Rock,	3,250.00
Labor on above,	500.00
Mesnager Vineyard Spur at Wash,	700.00
Spur at Sparr Orchard, freight shed and platform,	1,000.00
Difference in cost of bridges at Verdugo Wash,	500.00
One additional passenger car for Montrose line,	2,250.00
One 500 K. W. Generator Set,	10,000.00
Bills Payable,	5,791.00
To reimburse J. Frank Walters for moneys advanced,	<u>10,000.00</u>
Total,	\$42,441.00

3. The balance of said bonds not used for any of the above purposes may be used for purposes as hereafter may be ordered by this Commission upon application of Glendale and Eagle Rock Railway Company.

4. None of the bonds herein authorized to be issued shall be issued or sold until the applicant shall have received the approval of this Commission in the form of a supplementary order of an amended trust deed which shall include as the security for all bonds issued or to be issued by Glendale and Eagle Rock Railway Company, the equity in a parcel of real estate on the southwest

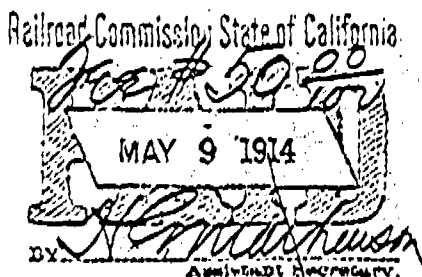
corner of Ninth and Wall Streets in the city of Los Angeles, 100 ft. x 140 ft. in size, owned by J. Frank Walters and subject to a mortgage of \$25,000; the equity in said parcel of real estate over and above said mortgage in the sum of \$25,000 to be pledged under said trust deed as security both for the principal and interest of said bonds until such time as the annual earnings for three years of the applicant herein shall, under the classification of accounts of the Railroad Commission of California, have been found by this Commission to be sufficient to pay the interest on said bonds.

5. Glendale and Eagle Rock Railway shall submit to this Commission in writing an appraisal of the parcel of real estate at Ninth and Wall Streets, Los Angeles, heretofore described, and shall also furnish to this Commission a verified copy of a certificate of title to said property by Mr. J. Frank Walters.

6. The authority herein given is conditioned on the payment of the fee prescribed in the Public Utilities Act.

The foregoing First Supplemental Opinion and Order are hereby approved and ordered filed as the First Supplemental Opinion and Order of the Railroad Commission of the State of California.

Dated at San Francisco, California, this 4th day of May, 1914.



John W. [Signature]
H. D. [Signature]
Alex. [Signature]
Max. [Signature]

Commissioners.