

ORIGINAL

Decision No. 1711

Decision No.

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the matter of the application)
of the Montecito Railroad Company)
for order authorizing issue of)
stock.)

Application No. 1236

T. K. Hulme and A. W. Eckman for applicant.

EDGERTON, Commissioner.

OPINION

This is an application by Montecito Railroad Company for an order authorizing the issue of \$50,000 par value of its common capital stock.

Applicant was incorporated in May, 1914, with a capital stock of 50,000 shares of a par value of \$1.00 each, the principal purpose of this corporation being to build and operate a street railroad 2.4 miles to serve the people residing and to reside upon a tract of land in the City of Los Angeles, which has been subdivided into building lots. This tract is owned or controlled by the Mutual Home Building Corporation, which proposes to take the stock asked to be authorized.

One terminus of this road will be at the line of the Los Angeles Railway Corporation, thus enabling passengers to make a journey from the City of Los Angeles by changing from one street car system to the other.

The evidence shows that applicant has been donated a right of way 20 feet in width and approximately 2-1/4 miles in length, which makes approximately 5.82 acres of land estimated to be worth \$15,000, and this is now owned by applicant free of incumbrance.

We are asked to permit the issuance and sale of this stock at a discount of 10 per cent, or a net amount to the company of \$45,000, all of which is to be used for the construction and maintenance of the road.

It is proposed to construct this road of such a standard as to permit of its being made a part of the system now operated by the Los Angeles Railway Corporation.

The engineers of this Commission have checked the estimates submitted and find them reasonable.

I recommend that the application be granted, and submit herewith the following form of order:

O R D E R

Application having been made by Montecito Railroad Company for an order authorizing the issue of 50,000 shares of its capital stock of the par value of \$1.00 each, and a public hearing having been duly held and it appearing to the Commission that the money to be secured by the issue of said stock is necessary and reasonably required by said company for the acquisition of property and the construction, completion and maintenance of service of its street railroad system, and that the purposes for which the proceeds of the sale of said stock are to be used are not in whole or in part reasonably chargeable to operating expenses or to income,

IT IS HEREBY ORDERED by the Railroad Commission of the State of California that Montecito Railroad Company is hereby authorized to issue 50,000 shares of its capital stock of a par value of \$1.00 each, upon the following terms and conditions, not otherwise:

1. Montecito Railroad Company shall sell said stock so as to net said company not less than \$45,000.
2. The proceeds from the sale of said stock shall be

used for the following purposes only:

For the purchase of property,	\$12,000.00
For construction of roadbed and track,	16,622.82
For overhead work,	5,977.18
For cars, car barn, substation and tools,	9,700.00
For maintaining first operations of railroad,	<u>700.00</u>
Total	\$45,000.00

For a more detailed estimate of the cost of construction of said road, reference is hereby made to Exhibit "A" on file with the application herein.

3. Said company shall keep separate, true and accurate accounts showing the receipt and application in detail of the proceeds of the sale of said stock hereby authorized to be issued and on or before the 25th day of each month the company shall make a verified report to the Commission, in accordance with the Commission's General Order No. 24, stating the sale or disposition of such stock during the preceding month, the terms and conditions of such sale or other disposition, the moneys realized therefrom and the use and application of such moneys.

4. The authority hereby given to issue such stock shall apply only to stock issued by said company on or before the 1st day of January, 1915.

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 5th day of August, 1914.

John M. Eschleman

Max Thielen

Edwin A. Edgerton
Commissioners