

Decision No.

ORIGINAL

Decision No. 2098

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the matter of the application of)
 CITY RAILWAY COMPANY OF LOS ANGELES) Application No. 1977.
 for an order authorizing the issue)
 of bonds.

Gibson, Dunn and Crutcher by S. M. Haskins,
 for applicant.

BY THE COMMISSION:

O P I N I O N

City Railway Company of Los Angeles, by its amended application, seeks authority from the Railroad Commission to issue \$280,000 face value of its first mortgage six per cent bonds at par to Los Angeles Railway Corporation in payment for improvements and extensions to its system of street railways in the City of Los Angeles.

Applicant was incorporated December 1, 1910, with an authorized capital of \$5,000,000, divided into 50,000 shares of the par value of \$100 each. It has an authorized bonded indebtedness of \$5,000,000 face value, of which 3613 bonds of the face value of \$1000 each are now issued and outstanding. Its said bonds are dated February 1, 1911, prior to the effective date of the Public Utilities Act.

Applicant was organized as an auxiliary of the Los Angeles Railway Corporation for the purpose of financing extensions of the lines of that system. Under the plan pursued by these companies, the extensions are constructed by Los Angeles Railway Corporation for applicant. City Railway Company of Los Angeles pays therefor with its said bonds issued at par. The extensions are thereafter operated by Los Angeles Railway Corporation under lease. The relation and financing of these two companies is fully set forth in Decision No. 2193, March 3, 1915,

pertaining to the organization and financing of a new corporation to take over the properties. (Vol. 6, Opinions and Orders of the Railroad Commission of California, page 272.)

Under the mortgage or deed of trust securing the payment of the bonds, bonds are to be certified and delivered by the trustee upon receiving certificate from the officers of the issuing company to the effect that an equivalent amount of indebtedness has been incurred.

At the hearing it was shown that in pursuance of this general plan applicant had become indebted to Los Angeles Railway Corporation for the construction of substations, car houses, tracks, buildings, shops and other structures, and the furnishing of equipment, to the extent of ^{considerably more than} \$280,395.77, which indebtedness remains unpaid, and on account of which it wishes to issue bonds of the face value of \$280,000 at par.

The Chief Engineer and the Auditor of the Commission in their work of bringing the valuation of these properties down to date, find that the amount mentioned has been invested as claimed, and that the present indebtedness far exceeds said amount. We shall, therefore, authorize the issue of bonds as prayed.

O R D E R

City Railway Company of Los Angeles having applied to the Railroad Commission of the State of California for an order authorizing the issue by said company of \$280,000 face value of its bonds at par to Los Angeles Railway Corporation on account of an existing indebtedness now due from applicant of \$280,395.70, and a public hearing having been held upon said application and the Railroad Commission finding that the purposes for which said bonds are herein authorized to be issued are not in whole or in part reasonably chargeable to operating expenses

or to income,

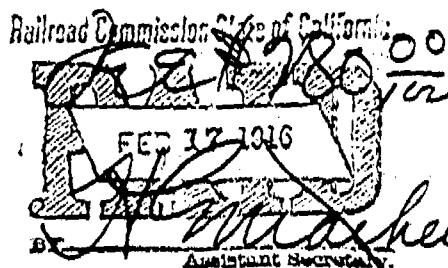
IT IS HEREBY ORDERED that the Railroad Commission of the State of California does hereby authorize the issue at par by said City Railway Company of Los Angeles to Los Angeles Railway Corporation of \$280,000 face value of principal of its bonds, dated February 1, 1911, in satisfaction and discharge of \$280,000 of its present indebtedness to said Los Angeles Railway Corporation, incurred for certain improvements, betterments and extensions constructed by it for applicant, upon the following conditions and not otherwise, to-wit:

1. City Railway Company of Los Angeles shall keep separate, true and accurate accounts showing the receipt and application in detail of the proceeds of the sale of the bonds hereby authorized to be issued and shall, within twenty days after ^{any} the issue of such bonds, make verified report to the Railroad Commission, stating the moneys realized therefrom and the use and application of such moneys.

2. The authority hereby granted shall apply only to such bonds as may have been issued on or before May 1, 1916.

3. The authority herein granted shall not become effective until City Railway Company of Los Angeles has paid the fee specified in Section 57, as amended, of the Public Utilities Act.

Dated at San Francisco, California, this 14th day of February, 1916,



Max Theben
H. H. [Signature]
[Signature]
Edwin C. Edgerton
Frank R. [Signature]

Commissioners.