

Decision No. _____

ORIGINAL

Decision No. 1291

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA.

In the matter of the application)
of MEXICO AND SAN DIEGO RAILWAY)
COMPANY, a corporation, to dis-) Application No. 2876.
continue service and dispose of)
its property.)

Leovy and Leovy for applicants.

BY THE COMMISSION:

O P I N I O N

A public hearing was conducted by Examiner Westover upon above application to discontinue railroad service and dispose of applicant's property.

Applicant's 2.15 miles of railroad was constructed in the spring of 1913 connecting South San Diego with Imperial Beach, a community of about 125 people, in San Diego County. In connection with its railroad it constructed a canal 10,000 feet long to connect its rails with deep water at the south end of San Diego Bay and arranged with Crescent Boat Company for ferry service between San Diego and its terminus. The canal subsequently silted up, and could not profitably be kept open, and the ferry service was discontinued in the fall of 1914. Applicant thereupon arranged with San Diego and Southeastern Railway Company for trackage rights between N. C. & O. Junction, on the latter's line, and applicant's northerly terminus at 9th and C Streets.

South San Diego. An all-rail service between San Diego and Imperial Beach was thus available to its patrons. This continued until January 17, 1916 when an unprecedented flood along the Otay River washed out considerably more than a mile of the tracks of the San Diego and Southeastern from a point near 9th and C Streets, South San Diego, to a point north of N. C. & O. Junction on its San Diego line and east of that junction on its Tiajuana line. This part of its line has not been operated since the flood. Other portions of its tracks were washed out at the same time. Owing to this disaster to applicant's connection and its inability to handle business for San Diego, it has not operated its road since the flood.

The present situation of applicant is that it cannot connect Imperial Beach or South San Diego or both with any other points either by rail or water. Its northern terminus is on the edge of a devastated waste. Along its line outside of Imperial Beach are only four families within nearly a mile of its tracks. Many of the few people it formerly served have provided themselves with automobiles and do not require applicant's service. The only residents of Imperial Beach who appeared at the hearing were three gentlemen who stated that they had no objection to the granting of the application and that they had no information or suggestions to give.

Prior to the flood applicant operated ten trains a day, five round trips. Its financial operations were as shown below:

<u>Revenue and expenses.</u>	July 1, 1914	July 1, 1915
	to June 30, 1915	to Jan. 17, 1916
Passenger revenue	\$697.70	\$431.75
Express revenue	<u>50.40</u>	<u>53.60</u>
Total	748.10	485.35
Total expenses including operation, interest, insurance and taxes.	\$3823.96	\$2506.28

Applicant's line has always been operated at a loss. It has never paid any dividends.

Applicant has no mortgage indebtedness but owes \$27,329.59 in notes and open accounts, principally due to Los Angeles and San Diego Beach Railway Company, which is owned by allied interests and from which it purchased the 40 pound second hand rails with which it constructed its line. It is now offered \$4500 for these rails by said company, which it considers an advantageous offer. It has not yet found a market for its two passenger cars and other property.

O R D E R

MEXICO AND SAN DIEGO RAILWAY COMPANY having applied to the Commission for authority to discontinue service and to dispose of its property, and a public hearing having been held upon said application and it appearing to the Commission that applicant's line has always been operated at a loss, that owing to destruction by floods of a considerable portion of the lines of its connecting carrier it is unable to transport passengers to San Diego for which purpose its line was constructed, that it is financially unable to

render such service in connection with a ferry or boat service on San Diego Bay, and no objection being offered thereto by any of its patrons,

IT IS HEREBY ORDERED that applicant be and it is hereby authorized to discontinue all service over its line of railroad and to sell its steel rails for the sum of \$4500 and apply the proceeds thereof to a reduction of its indebtedness.

This order is made upon the following conditions:

1. The authority herein contained shall extend only to such property as shall have been sold by applicant within sixty (60) days after date hereof.
2. Within ten (10) days after such sale, applicant shall report to the Commission in writing the fact and date of said sale, the moneys or credits received therefor, and what disposition was made of the proceeds of said sale.

Dated at San Francisco, California, this 8th day of May, 1917.

Manuel J. ...
H. J. ...
...
Edwin O. Edgerton
...

Commissioners.