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ORIGINAL

Decision No. 5002

Decision No. \_\_\_\_\_.

BEFORE THE RAILROAD COMMISSION OF THE  
STATE OF CALIFORNIA.

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In the Matter of the Application of )  
MT. TAMALPAIS AND MUIR WOODS RAILWAY )  
for an order authorizing it to issue )  
note. )

Application Number 3351.

In the Matter of the Application of )  
MT. TAMALPAIS AND MUIR WOODS RAILWAY )  
for an order authorizing it to issue )  
notes. )

Application Number 3352.

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Thomas, Beedy & Lanagan by C.F. Laumeister for applicant.

BY THE COMMISSION.

O P I N I O N

In Application Number 3351, MT. TAMALPAIS AND MUIR WOODS RAILWAY applies for authority to issue a 6 per cent \$10,000.00 note to the First National Bank of San Francisco. In Application Number 3352, MT. TAMALPAIS AND MUIR WOODS RAILWAY applies for authority to issue its 6 per cent notes to Union Trust Company of San Francisco in the aggregate face amount of \$22,500.00. It also asks authority to secure the payment of \$15,000.00 of notes to be issued to the Union Trust Company of San Francisco by pledging \$18,500.00 face value of bonds.

A public hearing in the above entitled application was held in San Francisco by Examiner Westover. By stipulation, both applications were consolidated for hearing and decision.

In "Exhibit Number 1", the petitioner reports assets and liabilities as of November 30, 1917, as follows:

ASSETS:

Investments:

Road and Equipment, . . . . .	\$449,434.22	
Additions and Betterments, . . . .	3,464.38	
First Mortgage Bonds Owned, . . . .	19,500.00	\$472,398.60

Current Assets:

Northwestern Pacific Railway, . .	1,031.60	
Due from Agents, etc., . . . .	1,296.58	
Cash, . . . . .	3,176.54	5,504.72

Materials and Supplies:

Tavern & Inn Supplies, . . . . .	3,016.60	
Railway Stock, . . . . .	13,045.85	
Office Furniture & Fixtures, &c., .	1,536.31	17,598.76

Deferred Debit Items:

Insurance Paid in Advance, . . . .	845.08	
Tavern Repairs & Renewals, . . . .	2,867.31	
Muir Inn Repairs & Renewals, . . . .	402.01	4,114.40

TOTAL ASSETS, . . . . . \$499,616.48

LIABILITIES:

Capital Stock, . . . . .		\$318,000.00
First Mortgage 5% Gold Bonds, . . . .	\$100,000.00	
Less Sinking Fund Redemptions, . . .	38,000.00	62,000.00

Current Liabilities:

Loans and Bills Payable, . . . . .	35,000.00	
Audited Vouchers, . . . . .	6,106.31	
Sundry Items, . . . . .	425.41	41,531.72

Deferred Credit Items:

Unmatured Interest, . . . . .	354.20	
Provident Fund, . . . . .	2,740.24	
Attorneys Fees, . . . . .	525.00	
Taxes, . . . . .	1,144.80	4,764.24

Accrued Depreciations, . . . . . 14,983.83

Surplus, . . . . . 58,336.69

TOTAL LIABILITIES, . . . . . \$499,616.48

It will be noted that on November 30, 1917, the railway reported an unappropriated surplus of \$58,336.69. On June 30, 1914, its surplus is reported at \$2,218.42. The increase in the surplus account is due primarily to the increased earnings during 1915, the Exposition year. After paying operating expenses, taxes and interest, the company for the year ending June 30, 1915 reported surplus earnings at \$31,400.28, while for the year ending June 30, 1916,

its surplus earnings amounted to \$60,742.36. For the year ending December 31, 1916, the company reported a loss of \$9,944.84, while for the eleven months ending November 30, 1917, it reports a net gain of \$12,840.64. In arriving at the net gain for the current year, the company deducts from its earnings accruals for taxes amounting to \$1,856.40. The state tax on gross revenue earned during the eleven months period will be about \$3000. Therefore, about \$1143.60 should be deducted from surplus.

During 1915, the company paid \$14,310.00 in dividends and a like amount in 1916. The testimony shows that no dividends were paid during 1917. The surplus earnings of the company have been used to pay current indebtedness incurred prior to June 30, 1916 for improvements and general corporate purposes.

Applicant reports that it is indebted to the First National Bank of San Francisco in the sum of \$12,500.00, said indebtedness being evidenced by a 6 per cent \$5,000.00 note, dated October 27, 1916; a 6 per cent \$5,000.00 note dated February 28, 1916 and a 6 per cent \$2,500.00 note dated December 6, 1916. Arrangements have been made whereby applicant will pay \$2,500.00 of said notes. The balance it proposes to pay through the issue of a new \$10,000.00 note.

Applicant reports that its indebtedness to the Union Trust Company of San Francisco in the sum of \$25,000.00 is represented by a \$7,500.00 5 per cent note dated December 7, 1916; a \$7,500.00 5 per cent note dated January 3, 1917; a \$5,000.00 5 per cent note dated February 2, 1917 and a \$5,000.00 5 per cent note dated February 27, 1917. The payment of the first two notes is secured by the deposit of \$18,500.00 of bonds authorized to be issued by Decision No. 3966, dated December 29, 1916. The company proposes to pay \$2,500.00 on the notes due to the Union Trust

Company of San Francisco and pay the balance through the issue of new notes. It asks that it be permitted to pay 6 per cent interest on the new notes and secure the payment of \$15,000.00 by pledging the \$18,500.00 of bonds now pledged.

O R D E R.

MT. TAMALPAIS AND MUIR WOODS RAILWAY having applied to the Railroad Commission for authority to issue a \$10,000.00 note to the First National Bank of San Francisco and for authority to issue notes aggregating \$22,500.00 to the Union Trust Company of San Francisco and to pledge \$18,500.00 of bonds, and a public hearing having been held,

IT IS HEREBY ORDERED that MT. TAMALPAIS AND MUIR WOODS RAILWAY be, and it is hereby, granted authority to issue to the First National Bank of San Francisco its 6% two-year \$10,000.00 note; to the Union Trust Company of San Francisco its 6% two-year notes in the aggregate face value of \$22,500.00, and to issue \$18,500.00 of bonds and pledge said bonds to secure the payment of \$15,000.00 face value of notes authorized to be issued to Union Trust Company of San Francisco.

The authority herein granted is granted upon the following conditions and not otherwise:

- 1.— The notes herein authorized to be issued shall be issued by applicant for not less than the face value thereof. The bonds herein authorized to be pledged shall be pledged at such ratio that at no time shall the face value of the bonds exceed by more than 25 per cent of the face value of the note or notes secured by said bonds, provided that when the note or notes secured by

said bonds have been paid, the pledged bonds shall be returned to applicant's treasury and not thereafter issued <sup>out</sup> with/a further order from this Commission.

2.--The proceeds of the \$10,000.00 note to be issued to the First National Bank of San Francisco shall be used for the payment in part of the following notes:

Note dated October 27, 1916 at 6% payable  
ninety days after date,.....\$5,000.00

Note dated November 28, 1916, at 6% payable  
ninety days after date,.....\$5,000.00

Note dated December 6, 1916 at 6% payable  
ninety days after date,..... 2,500.00

3.--The proceeds obtained from the issue of \$22,500.00 of notes to the Union Trust Company of San Francisco shall be used to pay in part the following notes:

Original note dated December 7, 1916, at five  
per cent., payable ninety days after date, ..\$7,500.00

Original note date January 3, 1917, at five  
per cent., payable ninety days after date, .. 7,500.00

Original note date February 2, 1917 at five  
per cent., payable ninety days after date, ..5,000.00

Original note date February 27, 1917, at five  
per cent., payable ninety days after date, ..5,000.00

4.--Applicant may, if it so desires, issue notes for a period of less than two years and renew said notes from time to time, provided that the combined terms of the notes herein authorized and those issued in renewal thereof shall not exceed two years.

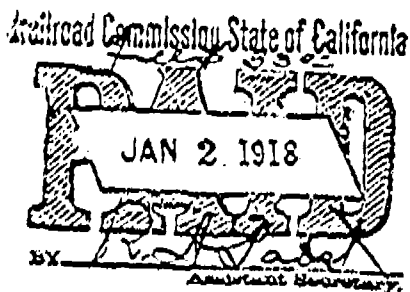
5.--Mt. Tamalpais and Muir Woods Railway shall keep separate, true and accurate accounts relative to the issue of notes and pledge of bonds herein authorized, and on or before the twenty-fifth day of each month shall make verified reports to the Railroad Commission relative to the issue of said notes and pledge of said bonds, all in accordance with this Commission's General Order Number 24, which order in

so far as applicable, is made a part of this order.

6.--The authority herein granted to issue notes and pledge bonds is conditioned upon the payment by applicant of the fee prescribed in the Public Utilities Act.

7.--The authority herein granted to issue notes and pledge bonds shall apply only to such notes and bonds as may be issued and pledged on or before October 1, 1919.

Dated at San Francisco, California, this 31st  
day of December, 1917



Max Thelen  
H. S. Portland  
W. J. Gordon  
Edwin C. Edgerton  
Frank R. Peck  
Commissioners.