

ORIGINAL
Decision No. 709

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application
of LOS ANGELES and SAN DIEGO BEACH
RAILWAY COMPANY for an order author-
izing the issue of Car Trust Notes
in the amount of \$25,000.

Application No. 587.

George J. Leovy and Leovy & Leovy for applicant.

TEELER, Commissioner.

OPINION.

This is an application for an order authorizing the issue by applicant of car trust notes in the amount of \$25,000 in partial payment for three Edison storage battery motor cars.

Applicant operates a line of railway between San Diego and La Jolla, in San Diego county. The line has been operated partly by steam and partly by gasoline motor cars. The steam passenger coaches are inadequate and the gasoline motor cars have proved unsatisfactory because of frequent breakdowns, so that the people living along the line of the railway have had just cause of complaint with reference to the service. By contract dated November 26, 1912, the applicant accordingly contracted to purchase from Federal Storage Battery Car Company, three double truck beach cars, of the Edison storage battery type, each car to have a seating capacity of 72 passengers, and the purchase price to be \$46,032.00. Under the provisions of the contract, \$18,032.00 are to be paid in cash upon the inspection of the cars and the approval thereof after demonstration on the lines of the Erie Railroad Company, and the remaining sum of \$28,000 is to be covered by car trust notes, of which 24 are to be of the face value of \$1000 each and 8 of the face value of \$500 each. These notes are to bear interest at rate of 6% per annum and \$5,500 thereof are to be due and payable at each successive period of six months. A commission of \$1400.00

is to be paid for placing the notes.

The title to the cars is to remain in the Railway Storage Battery Car Company, as trustee, and the cars are to be leased to the applicant for the period of four years, at the end of which time, if the car trust notes have been paid, the cars are to become the property of applicant. For further details of the contract reference is made to copy of contract which is attached to application and marked "Exhibit A."

The object which applicant has in view, namely, the improvement of its passenger service, is very commendable. That the need for such improvement exists is clearly pointed out in this Commission's opinion in Case No. 265, Frank Williams & John W. Hannay vs. Los Angeles & San Diego Beach Railway Company.

I find that the purposes for which applicant desires to issue said notes are not in whole or in part reasonably chargeable to operating expenses or to income and recommend that the application be granted.

I submit herewith the following form of order:

O R D E R.

LOS ANGELES AND SAN DIEGO BEACH RAILWAY COMPANY having applied to the Commission for an order authorizing the issue by said Company of car trust notes in the aggregate amount of twenty-eight thousand (\$28,000) dollars, as will hereinafter appear in greater detail, and a public hearing having been held upon said application, and it appearing that the purposes for which said notes are to be issued are not in whole or in part reasonably chargeable to operating expenses or to income,

IT IS HEREBY ORDERED that said Los Angeles and San Diego Beach Railway Company be and the same is hereby authorized to issue its promissory notes in the aggregate amount of twenty-eight thousand (\$28,000) dollars, to bear interest at the rate of six (6%) per cent per annum, twenty-four (24) of said notes to be of the face value of one thousand (\$1000) dollars each and eight (8) to be of the face value of five hundred (\$500) dollars each,

three (3) of said one thousand dollar notes and one (1) of said five hundred dollar notes to become due and payable each six months after the date of bill of lading covering the shipment of said cars, until the full sum of twenty-eight thousand (\$28,000) dollars has been paid, on the following conditions and not otherwise, to-wit:

1. Said notes shall be issued so as to net applicant not less than the par value thereof, provided that the sum of fourteen hundred (\$1400) dollars may be paid as commission to be charged by the bankers for placing said notes.

2. The proceeds of said notes shall be applied only in payment for three (3) double truck beach cars, of the Edison battery storage type, as specified in the contract attached to the application.

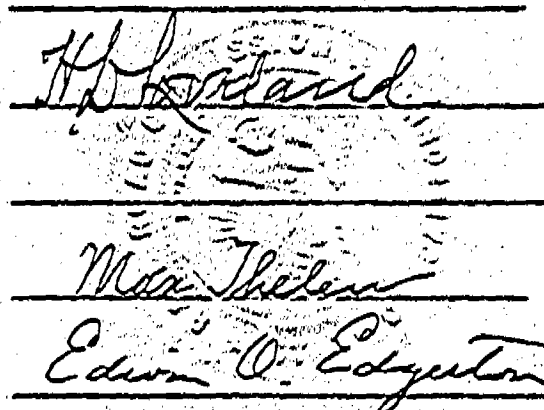
3. Los Angeles and San Diego Beach Railway Company shall keep separate, true and accurate accounts showing the receipt and application in detail of the proceeds of the sale of the notes hereby authorized to be issued, and on or before the 25th day of each month shall make verified reports to the Commission, stating the sale of said bonds during the previous month, the terms and conditions of sale, the moneys realized therefrom and the use and application of such moneys, all in accordance with this Commission's General Order No. 24, which in so far as applicable is made a part of this order.

4. The authority hereby given to issue notes shall apply only to notes issued by applicant on or before the first day of July, 1914.

5. The authority hereby given to issue notes is conditioned upon the payment of the fee prescribed by Section 57 of the Public Utilities Act.

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 7th day
of June, 1913.

The seal of the Railroad Commission of the State of California is visible in the background of the signatures. It features a circular design with the text "RAILROAD COMMISSION OF THE STATE OF CALIFORNIA" around the perimeter and a central emblem.
H. S. Boardman
Max Thelen
Edwin O. Edgerton

Commissioners.