

ORIGINAL

Decision No. 19200.

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA.

In the Matter of the Application of)
 Central California Traction Company,)
 Herbert Fleishhacker, and Stockton)
 Electric Railroad Company, for an)
 Order authorizing Central California)
 Traction Company to Sell its Street)
 Railroads in the City of Stockton,)
 California, with Certain Exceptions)
 and Reservations, to Herbert Fleish-)
 hacker and the latter to thereupon)
 Sell the same Property to Stockton)
 Electric Railroad Company.)

Application No. 14,231.

BY THE COMMISSION:

O R D E R

Central California Traction Company, a corporation, Herbert Fleishhacker, and Stockton Electric Railroad Company, a corporation, on November 22, 1927, filed an application for an order of this Commission authorizing Central California Traction Company to sell to Herbert Fleishhacker its street railway lines in the City of Stockton, with certain exceptions and reservations and for said Herbert Fleishhacker to sell the same property to Stockton Electric Railroad Company.

The application recites that on November 21, 1914, the Central California Traction Company and Stockton Electric Railroad Company made and entered into a certain agreement whereby the former leased to the latter, subject to the approval of the Commission, certain portions of the former's street railroad lines in the City of Stockton; that said agreement was approved under Application No. 1470; by the Commission in Decision No. 2243, dated

March 18, 1915, (6 C.R.C.395); that ever since the date of said decision the Stockton Electric Railroad Company has operated said portions of said street railroad system, and that under said lease the Traction Company granted to the Stockton Electric Railroad Company the option to purchase the portions of said street railroad system so leased.

The application further sets forth that on August 5, 1927, the Interstate Commerce Commission rendered its decision in Finance Docket 5008, "Control of Central California Traction Company," authorizing Southern Pacific Company, a corporation to acquire control of the Traction Company by purchase of capital stock and bonds upon the condition that Southern Pacific Company shall admit The Atchison Topeka, and Santa Fe Railway Company, a corporation, and The Western Pacific Railroad Company, a corporation, to participate equally with Southern Pacific Company in joint control of the Traction Company upon payment of proportionate shares of the cost of the securities to be acquired; that thereafter, by contract dated October 31, 1927, Herbert Fleishhacker and Southern Pacific Company agreed that the Traction Company, all of whose capital stock is owned or controlled by the former, would sell or convey to him all street car lines in the City of Stockton covered by the lease above mentioned, with certain exceptions and reservations as set forth in paragraph 1 of the contract above mentioned, in consideration of the guarantees personally assumed by him under said contract. Under said contract it was also agreed that Herbert Fleishhacker would sell to the Stockton Electric Railroad Company, and Southern Pacific Company would cause the latter to purchase from him all of the street car lines under the lease above referred to, subject to the exceptions and reservations as already noted, for the sum of One Hundred Thousand (\$100,000.00) Dollars, par value First Refunding mortgage bonds of the Pacific Electric Railway Company, payment to be adjusted to credit the

Stockton Electric Railroad Company with the interest accrued on said bonds as of December 31, 1927, it being understood and agreed that the transaction should be consummated as of that date, subject to the approval of this Commission.

It is further set forth in the application that by contract dated October 31, 1927, between The Atchison, Topeka and Santa Fe Railway Company, The Western Pacific Railroad Company and Southern Pacific Company, the first two companies signified their intention to participate equally with the last named company in joint control of the Traction Company in accordance with the agreement dated October 31, 1927, between Herbert Fleishhacker and Southern Pacific Company, hereinbefore referred to; further, that on November 14th, 1927, the Southern Pacific Company, The Central California Traction Company, The Western Pacific Railroad Company and The Atchison, Topeka and Santa Fe Railway Company filed with the Interstate Commerce Commission, in its Finance Docket 5008, entitled "Control of Central California Traction Company," their petition for modification of that Commission's decision of August 5, 1927, hereinbefore mentioned, in accordance with said contracts dated October 31, 1927, in order that those contracts may be legally consummated.

Applicants state that the Stockton Electric Railroad Company owns and operates the major portion of the street railway lines in the City of Stockton and is therefore able to perform the local service over the lines it proposes to purchase more economically and efficiently than the Traction Company; that the combined operation affords transfer privileges probably not otherwise available, and that the maintenance and operation of the street railway system in Stockton by two companies would be

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a useless and unnecessary duplication of service and would result in a heavy operating loss to the Traction Company.

The property proposed to be sold is described as follows:

All street car lines in the City of Stockton, California, owned by California Traction Company and now leased to the Stockton Electric Railroad Company by lease dated November 21, 1914, with certain exceptions and reservations all as specifically set forth in paragraph 1 of the contract dated October 31, 1927, between Herbert Fleishhacker and Southern Pacific Company, being contained in Exhibit A attached to application. The street car lines intended to be covered are as follows:

- (1) Vine Street, from El Dorado to Madison Street.
- (2) Aurora Street from Weber Avenue to Park Street.
- (3) Center Street from Scotts Avenue to Charter Way (formerly known as South Street).

The whole interest in the lines described in items (1), (2), and (3) above (all as shown by red colored lines on the map attached to application, marked Exhibit B and made a part thereof) is to be transferred to Herbert Fleishhacker and by him to Railroad Company.

- (4) Beginning on Weber Avenue at the intersection of said Weber Avenue and Pilgrim Street and running thence westerly on Weber Avenue to and beyond Center Street to the junction of the exclusively owned and operated track of the Traction Company located approximately 46 feet north of the south line of Weber Avenue and approximately 37 feet west of the west line of Center Street, including all portions of the Wye located at the intersection of Weber Avenue and Center Street, and running thence southerly on Center Street to the point thereon on or near Scotts Avenue where the track of Traction Company leading to the Atchison, Topeka and Santa Fe Station (which track is not included in the sale) diverges therefrom.
- (5) Pilgrim Street from Weber Avenue to Taylor Street.

An undivided one-half interest in the lines described in items (4) and (5) above (all as shown by green colored lines on the map attached to the application, marked Exhibit B and made a part thereof) is to be transferred to Herbert Fleishhacker and by him to Railroad Company.

The City Council of the City of Stockton by resolution dated December 15, 1914, approved the agreement covering the lease authorized in Decision No. 2243, dated March 18, 1915.

It appears to the Commission that the present proceeding is not one in which a public hearing is necessary; that the proposed transfer is in the public interest and that this application should be granted, therefore,

IT IS HEREBY ORDERED that the above entitled application be granted in accordance with the aforementioned agreements attached to the application and subject to the following conditions:

(1) The authority herein granted shall not be urged by applicants or any of them as a measure of the value of the properties to be transferred, or of any other properties, for any purpose except the transfer herein authorized.

(2) Applicant, Stockton Electric Railroad Company, shall within thirty (30) days thereafter notify this Commission in writing of the completion of the property transfer herein authorized.

(3) If said property shall not have been transferred within one year from the date of this order, the authorization herein granted shall lapse and become void.

The authority herein granted shall become effective on the date hereof.

Dated at San Francisco, California, this 30th day of December, 1927.

[Signature]
[Signature]
Leon Whitehill
[Signature]
[Signature]
 Commissioners.