

LBM

Decision No. 23565.

ORIGINAL

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of
BUCKSPORT & ELK RIVER RAILROAD COMPANY } Application No. 17245
to issue promissory notes. }

Sanborn, Roehl, Smith and Brookman,
by H. E. Sanborn, for applicant.

BY THE COMMISSION:

O P I N I O N

In this proceeding the Bucksport & Elk River Railroad Company asks permission to issue promissory notes in the face amount of not exceeding \$300,000.00, said notes to mature within three years after date and bear interest at the rate of five percent per annum, payable semi-annually.

It appears of record that applicant is engaged in the business of operating a line of railroad as an intra-state common carrier between Bucksport and Falk, together with spurs and sidings in Humboldt County. The company has outstanding \$500,000.00 of common stock, one-half of which is owned by the Dolbeer & Carson Lumber Company, the other half by the Elk River Mill and Lumber Company. Applicant's line of railroad was constructed in 1883 and 1884 and is about eight miles in length. It extends in a southerly direction from Bucksport, on Humboldt Bay, to Falk, at which point it serves the lumber mill of the Elk River Mill and Lumber Company.

The original cost of the properties, including equipment, is reported at \$271,543.99.

It appears from the testimony of J. M. Carson that the lumber operations of the Dolbeer and Carson Lumber Company have heretofore been conducted in the territory north of Eureka, served by the Humboldt Northern Railway Company, and that the timber supply in that section will be exhausted within a few months. It is therefore necessary for the Dolbeer & Carson Lumber Company to commence operations in the forest adjacent to the line of applicant's railroad. The heavier locomotives and equipment which will be necessary to handle the increased traffic, when the Dolbeer & Carson Lumber Company commences operations, make it necessary to rebuild practically all the railroad of applicant. It is estimated that the cost of reconstructing applicant's line of railroad will be \$266,641.72 segregated in Exhibit "D" as follows:

Estimated Cost of Reconstructing Main Line from Station 0 ± 00 to 352 ± 18 (North Fork Frog)

Engineering	\$2,739.07
Trestles	21,238.05
Ties	17,211.95
Rails and fastenings	24,626.70
Ballast	4,500.00
Track laying and surfacing	12,565.40
Right-of-way fences	8,334.70
Telephone line	825.56
	<u>\$92,041.43</u>

Main Line: Station 352- 18 to Station 431- 15 (Falk).

Engineering	\$ 800.00
Trestles	6,586.40
Ties	3,240.00
Rails and fastenings	5,705.00
Ballast	1,000.00
Track laying and surfacing	2,500.00
Right-of-way fences	921.60
Telephone line	190.00
	<u>\$20,743.00</u>

Spur off Main Line, about 2-1/2 miles long, to tap Timber of D&C Lbr Co

Engineering	\$3,915.27
Grading	38,659.76
Trestles	34,737.35
Ties	8,533.89
Rails	11,383.43
Other track material	4,738.53
Ballast	5,401.07
Track laying and surfacing	7,313.22
Right-of-way fences	191.16
Crossings	91.26
	<u>\$114,964.94</u>

Main line: Extension north from station 0 ± 00 (to Dolbeer & Carson's
Log Dump- about 3/4 of a mile)

Engineering	\$ 1,030.55
Trestles	27,260.04
Ties	3,582.79
Rails and fastenings	4,509.03
Track laying and surfacing	2,510.00
	<u>\$ 38,892.41</u>

In order to provide for any contingencies that may arise, applicant asks authority to issue notes up to, but not exceeding \$300,000. The money which is necessary to reconstruct applicant's railroad and extend the same is being provided by its stockholders, Dolbeer & Carson Lumber Company and Elk River Mill and Lumber Company.

There is no question but that the reconstruction of the line of railroad of applicant is necessary, and the testimony shows that it is being accomplished at the least possible cost.

F. A. McKee, engineer for applicant, testified that if the Bucksport & Elk River Railroad Company undertook to duplicate its properties as it is contemplated by the proposed reconstruction and extension program, it would involve an expenditure of from \$500,000. to \$550,000.00. The new construction is estimated to cost not exceeding \$300,000.00. This would leave an estimated cost of from \$200,000.00 to \$250,000.00 to acquire the real property which the Bucksport & Elk River Railroad Company now owns, the rights of way which it now possesses, together with the grading which can be

utilized in reconstructing the company's line of railroad.

The testimony of J. M. Carson, president of applicant, indicates that under normal conditions Bucksport & Elk River Railroad Company should have an operating revenue of about \$38,000.00 per annum. The manner in which the properties will be operated will relieve the applicant of all operating expenses, except the maintenance of track and roadway. He further testified that the lumber operations of Dolber & Carson Lumber Company, considering only the timber which it now owns, would extend over a period of twenty-five years. The line of railroad can be utilized by owners of other timber in areas adjacent to that of the Dolbeer & Carson Lumber Company.

Applicant's petition shows that its corporate existence will expire in July, 1934. It is the intention of the holders of applicant's outstanding stock to reincorporate prior to that time and increase its authorized stock in an amount sufficient to permit the refunding of the aforesaid notes through the issue of stock. The amount of stock which a new company should be permitted to issue in exchange for the properties or in payment of debts of applicant is not at issue in this proceeding.

ORDER

Bucksport & Elk River Railroad Company having applied to the Railroad Commission to issue notes in the amount of not exceeding \$300,000.00, a public hearing having been held before Examiner Fankhauser and the Commission being of the opinion that the money, property or labor to be procured or paid for through the issue of such notes is reasonably required for the purposes herein stated, and that

this application should be granted, subject to the provisions of this order, therefore,

IT IS HEREBY ORDERED as follows:

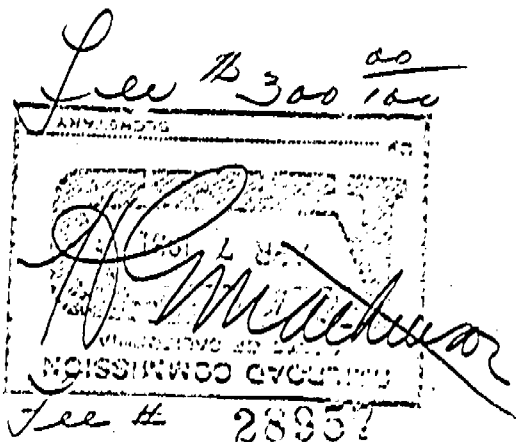
1. Bucksport & Elk River Railroad Company may issue, at not less than par, its promissory notes in the amount of not exceeding \$300,000.00, such notes to mature within three years after date, but in no event later than July 1, 1934, and to bear interest at the rate of five percent per annum, payable semi-annually.

2. Bucksport & Elk River Railroad Company shall use the proceeds which it realizes through the issue of the notes herein authorized to pay the cost of reconstructing and extending its line of railroad, as outlined in this application.

3. The authority herein granted will become effective when applicant, Bucksport & Elk River Railroad Company, has paid the fee prescribed by Section 57 of the Public Utilities Act, which fee is Three Hundred (\$300.00) Dollars.

4. Applicant shall file on or before the 25th day of each month a verified report, as required by the Railroad Commission's General Order No. 24, which order, insofar as applicable, is made a part of this order.

DATED at San Francisco, California, this 6th day of April, 1931.



Clarence
Leon ...
W. A. ...
M. B. ...
Fred G. ...
Commissioners.