

ORIGINAL

Decision No. 1134

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BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA.

In the matter of the application of )  
 Tonopah and Tidewater Railroad Com- )  
 pany, a corporation, for an order )  
 authorizing the issuance and sale )  
 of certain bonds. )

Application No. 836

Walter D. Cole, for applicant.

EDGERTON, Commissioner.

O P I N I O N

This is an application by Tonopah and Tidewater Rail-  
 road Company for an order authorizing the issue of bonds in the  
 face value of 75,000 pounds sterling, (\$364,000), divided into  
 bonds of the face value of 100 pounds sterling (\$486) each.

The purpose for which the proceeds of the sale of these  
 bonds <sup>are</sup> ~~is~~ to be used is stated in the application as follows:

"A narrow gauge railroad of approximately 16.95  
 miles in length situate in the County of Inyo, State  
 of California, connecting the Biddy McCarty Borax Mine,  
 which is the property of PACIFIC COAST BORAX COMPANY,  
 with the Ryan branch of the Tonopah and Tidewater Rail-  
 road, the same being designed primarily to carry the  
 product of the aforesaid mine from the point of loca-  
 tion thereof to the point of connection of the pro-  
 posed railroad with the Ryan branch of the Tonopah and  
 Tidewater Railroad Company, and further to transport  
 freight, passengers, mail, baggage and express matter.  
 The proposed road will be, when completed, a branch of  
 the Tonopah and Tidewater Railroad."

The testimony at the hearing shows that applicant obtains about 60 per cent of its business from the above mentioned borax properties, and 40 per cent from independent shippers.

Applicant has authorized capital stock of \$1,000,000, all of which is outstanding and a bonded indebtedness of \$3,285,344.10, and other indebtedness of \$1,110,043.42, making a total indebtedness of \$4,395,387.52.

It is admitted that applicant has not property of a value equal to this indebtedness and it has been unable to pay all of its bond interest out of earnings, the deficit of this interest having been paid by the Borax Consolidated, Limited, of London, and it is proposed that said Borax Consolidated, Limited, of London, guarantee the principal and interest of the bonds herein asked to be authorized.

Inasmuch as these bonds are to be sold at less than par, it is evident that if this application be granted the property will be still further burdened, and unless the guarantee of the Borax Consolidated, Limited, of London is such as to entirely secure the payment of principal and interest of these bonds, and that the total obligations can be safely carried by applicant without the imposition of unduly high rates on the shippers using this road, the issuance of these proposed bonds would not be warranted.

No sufficient proof has been furnished of the value of the guarantee of the Borax Consolidated, Limited, of London, and therefore, for the reasons above stated, I recommend that the application be denied, and submit herewith the following form of order:

#### ORDER

Application having been made by Tonopah and Tidewater Railroad Company for an order authorizing the issue of bonds of the face value of 75,000 pounds sterling (\$364,000), divided

into bonds of the face value of 100 pounds sterling (\$486) each, and a public hearing having been held thereon, and it appearing to the Commission that for the reasons set out in the foregoing opinion this application should be denied,

IT IS HEREBY ORDERED by the Railroad Commission of the State of California that this application be and the same is hereby denied.

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 13<sup>th</sup> day of December, 1913.

John M. Erskeman  
H. B. Loveland  
W. H. Gordon  
Max Thelen  
Edwin O. Egan

Commissioners.