

ORIGINAL

Decision No. 1563

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA.

In the matter of the application :
of FRESNO INTERURBAN RAILWAY : Application No. 1084.
COMPANY for authority to issue :
stocks and bonds. :

J.B. Rogers for Applicant.

LOVELAND, Commissioner.

O P I N I O N.

This is an application by Fresno Interurban Railway Company for authority to issue stock and bonds to construct a standard gauge electric railroad between Fresno and Clovis, Fresno County, -a distance of approximately 9 miles.

The applicant herein was organized on March 31, 1914, with an authorized capital stock of \$250,000.00 divided into 2500 shares of the par value of \$100.00 each; and with an authorized bond issue of \$250,000.00.

The applicant estimates that the railway can be constructed for \$156,000.00 and proposes to finance it by the sale of \$120,000.00 of its ten year six per cent. bonds at 90 per cent of par value, and the sale of 600 shares of its capital stock at \$80.00 per share. Applicant submitted the following statement of the cost of the line:

Estimate of Cost.

Rights of Way (100 feet)	100 Acres @	\$300.00	\$30,000.00
Grounds for Car Barns, etc.	2 "	400.00	800.00
Clearing	100 "	25.00	2,500.00
Bridging	100 Ft. "	18.00	1,800.00
Culverts (average)	900 "	3.50	3,150.00
Grading, 18 ft. roadbed, Av. 5000 cu.yds. per mile	45000 Cu.Yds. @	0.20	9,000.00
Ties, 2560 per mile	23040 " "	0.75	17,280.00
Rails, 56 lb. Rails	800 Tons "	36.00	28,800.00
Spikes	280 Kegs "	5.00	1,400.00
Splices, bolts, etc.	3200 pair "	1.50	4,800.00
Laying and surfacing	9 miles "	900.00	8,100.00

Poles, 35 ft. Cedar	450	@	\$8.00	\$ 3,600.00
Brackets and Fittings	450 sets	"	3.20	1,440.00
Pole setting and stringing	450	"	3.00	1,350.00
Copper (0000)	30000 lbs.	"	0.25	7,500.00
Rail bonds, in place	3200	"	0.50	1,600.00
Car Barns, Sub-stations, etc.				8,500.00
Shelter Stations & Plat- forms				2,500.00
Fencing	10 miles	@	225.00	2,250.00
Spurs & Sidings	3000 ft.	"	1.75	5,250.00
				<u>\$141,620.00</u>
Engineering, Legal and Contingent, 10%				14,160.00
				<u>Total,.....\$155,780.00</u>

Average cost per Mile,.....\$17,309.00

Fresno Interurban Railway Company has filed statements with this Commission estimating that the road will serve a population of 45,600 persons, and that it will be operated at a profit. The company submits the following estimate of annual earnings:-

Revenue from Operation,.....	\$47,681.00
Expense of Operation,.....	<u>37,424.00</u>
Net Revenue,.....	\$10,257.00
Interest on \$120,000 bonds at 6%,	<u>7,200.00</u>
Surplus,.....	\$ 3,057.00.

The route of the proposed road travels a fertile section devoted to vineyards, orchards and truck gardens. Certain sections along the line are being opened as residence tracts and the company expects to be able to develop a remunerative passenger business.

The railway is now being constructed by the contracting firm of Mahoney Bros., who have filed with the Commission a statement agreeing with Fresno Interurban Railway Company to furnish all rights of way, materials and labor for the construction of the proposed line, in accordance with the specifications set forth in the application herein, including all construction items except overhead expense, and to construct the entire line for the sum of

\$145,000.00. It is estimated by the company that the remaining \$11,000.00 will be required for overhead expenses.

Mahoney Bros. have already begun the construction of this road and the good faith of the projectors has been completely demonstrated.

Fresno Interurban Railway Company line will connect on Fresno Avenue at the intersection of Belmont Avenue in the City of Fresno with the Fresno Traction Company's line. At the hearing of the application herein, Mr. Rogers, appearing for the applicant, stated that a plan was under consideration by which Fresno Interurban Railway would be operated by the Fresno Traction Company. No allowance is therefore made in the estimated cost of construction for equipment.

It is clear that the projected line will be of great service to the people in Fresno and vicinity. It will open for further development and for home-building a very fertile section of land.

While I believe the application should be granted, I believe the applicant should be required to submit further detailed information before the securities are actually issued. I shall, therefore, recommend that a preliminary order be made at this time and that the actual issue of the securities be made dependent upon a subsequent order.

I recommend the following form of Order:

O R D E R .

Fresno Interurban Railway Company having applied to this Commission for authority to issue \$120,000.00 of its ten year six per cent. bonds, and to issue \$60,000.00 of its common stock for the purpose of building a line of railway between Fresno and Clovis, and a hearing having been held and it appearing that the purposes

for which it is desired to issue said bonds and said stock are not in whole or in part chargeable to operating expenses or to income,

IT IS HEREBY ORDERED that Fresno Interurban Railway Company be given authority and it is hereby given authority to issue \$120,000.00 of its ten year six per cent. first mortgage bonds;

IT IS FURTHER ORDERED that Fresno Interurban Railway Company be given authority and it is hereby given authority to issue 600 shares of its capital stock at the par value of \$100.00 per share.

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

1. The applicant herein shall construct a standard gauge electric railroad from Fresno to Clovis.
2. The bonds herein authorized to be issued shall be sold so as to net the applicant not less than 90 per cent. of their face value.
3. The capital stock herein authorized to be issued shall be sold so as to net the applicant not less than 80 per cent. of its par value.
4. The proceeds derived from the sale of bonds and stock herein authorized to be issued shall be devoted to the purpose of constructing a standard gauge electric railroad from Fresno to Clovis in accordance with such specifications as may hereafter be approved by this Commission.
5. The total contract price to be paid the contractor for the construction of the line herein proposed to be built, including all rights of way, material and labor, shall not exceed the sum of \$145,000.00, payments to be made on a basis of monthly progress estimates in accordance with the terms of

- the letter of May 21, 1914 by Mahoney Bros. to Fresno Interurban Railway Company, as filed with the application herein.
6. Copies of all contracts involving expenditures of \$1,000.00 or more, and copies of all monthly progress estimates shall be filed with this Commission.
 7. The detailed estimate of cost shall be so segregated as to show the actual amount paid or to be paid for rights of way, and the amount paid or to be paid to Mr. J.B. Rogers, or others, for their efforts in obtaining rights of way.
 8. The applicant herein shall file with this Commission a copy of the franchise granted by the City of Fresno for the construction and operation of that portion of the line within the city limits of Fresno.
 9. The applicant herein shall file with this Commission a copy of the franchise granted by the town of Clovis for that portion of the line to be constructed within said town limits.
 10. The applicant herein shall file with this Commission copies of rights of way contracts.
 11. The applicant herein shall file with this Commission copies of such detailed contracts as may be entered into with Mahoney Bros. for the construction of its line of railway.
 12. Fresno Interurban Railway Company shall file with this Commission a copy of such contract as may have been made with Mahoney Bros., or other parties, for the sale of its bonds and stock.
 13. Fresno Interurban Railway Company shall file with this Commission a statement showing the amount paid or to be paid to Mr. J.B. Rogers, or others, for promotion services in connection with the construction of its line of railway.
 14. Fresno Interurban Railway Company shall file with this Commission copies of all bonus agreements under which said rail

way, or individuals interested in said railway, have been paid or are to be paid sums of money by property owners along the route of said line of railway.

15. Fresno Interurban Railway Company shall file with this Commission an amended trust deed, which shall show in proper form the total amount of bonds authorized under said trust deed, and which shall make provision for a sinking fund for the retirement of a portion of said bonds.
16. Fresno Interurban Railway Company shall file with this Commission a copy of such contract as it may make with the Fresno Traction Company for the operation of the line of the said Fresno Interurban Railway Company, or in lieu thereof, it shall file with this Commission a statement of the equipment to be used in the operation of said Fresno Interurban Railway Company's line.
17. The bonds and the stock herein authorized shall be issued only after this Commission shall have issued a supplemental order finding that Fresno Interurban Railway Company has complied with the foregoing conditions in a manner satisfactory to this Commission.
18. Fresno Interurban Railway Company shall keep separate, true and accurate accounts showing the receipt and application in detail of the proceeds of the sale of the bonds and the stock hereby authorized to be issued; and on or before the twenty-fifth day of each month the company shall make verified report to this Commission stating the sale or sales of said bonds and stock during the preceding month, the terms and conditions of the 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 order, in so far as applicable, is made a part of this order.

19. The authority herein given to issue stock and bonds shall apply to such stock and bonds as shall have been issued on or before May 31, 1915.
20. The authority herein given is conditioned upon the payment by the applicant of such fee as may be required under 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 4th day of June, 1914.

Railroad Commission State of California

[Handwritten signature]
 JUN 6 1914
[Handwritten signature]
 Assistant Secretary.

H. D. Loveland

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Max Thelen

Commissioners.