

ORIGINAL

Decision No. 1564

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA.

In the matter of the Application of
NORTHERN ELECTRIC RAILWAY COMPANY--
MARYSVILLE-COLUSA BRANCH, a corporation,
and NORTHERN ELECTRIC RAILWAY COMPANY,
a corporation, for an order authoriz-
ing an agreement for the operation of
the railroad of Northern Electric Railway
Company--Marysville-Colusa Branch, by
Northern Electric Railway Company.

Application No. 1145.

Charles W. Slack and Chauncey S. Goodrich for applicants.

THELEN, Commissioner.

O P I N I O N.

This is an application by Northern Electric Railway Company--Marysville-Colusa Branch, and Northern Electric Railway Company for an order authorizing applicants, under the provisions of Section 51 of the Public Utilities Act, to enter into an agreement, a copy whereof is attached to the petition herein and marked "Exhibit A."

The petition recites that the Northern Electric Railway Company--Marysville-Colusa Branch, hereinafter referred to as the Marysville and Colusa Branch, is the owner of a railroad from Colusa in a general easterly and northeasterly direction, to a station known as Heyman, in Sutter county; that the Marysville and Colusa Branch has no motors, cars or other equipment for its operation but that the Northern Electric Railway Company, hereinafter called the Northern Electric, has sufficient motors, cars and other equipment for the operation of this line; and that the parties consider that it would be to their mutual advantage to enter into the agreement.

The parties then agree, in part, as follows--that Northern Electric shall forthwith enter into the possession of the railroad of the Marysville and Colusa Branch, and shall operate and maintain the same for the account of the Marysville-Colusa Branch; that the Northern Electric shall furnish all motors, cars and other equipment

necessary for the operation of said line of railroad and shall operate and maintain a sufficient and adequate service for the transportation of passengers, freight, baggage, mail and express matter over the railroad of the Colusa and Marysville Branch between Colusa and Heyman, and over the line of the Northern Electric between Heyman and Marysville; that the Northern Electric shall keep the railroad of the Marysville and Colusa Branch in good repair and will perform all the lawful requirements of public authorities; that the Northern Electric will pay for account of the Marysville and Colusa Branch all interest and sinking fund payments on the bonds of the Marysville and Colusa Branch; that the Northern Electric will pay to the Marysville and Colusa Branch fifty per cent of the net income derived from the operation of the railroad of the Marysville and Colusa Branch, which net income shall be ascertained by deducting from the gross income the entire cost of operating and maintaining the railroad of the Marysville and Colusa Branch, together with a pro rata charge for the use of the Northern Electric's railroad between Heyman and Marysville, and all taxes, insurance, interest on bonds and sinking fund payments made by the Northern Electric, but ~~that~~ no deductions shall be made for the original cost of motors, cars or other equipment furnished by the Northern Electric or for the use of tracks or other property of the Northern Electric, except as otherwise specified; that the agreement shall continue in force until December 1, 1941, and thereafter until terminated by either party, by notice in writing of at least sixty days given to the other, subject to termination at any time by the Marysville and Colusa Branch on the failure of the Northern Electric to perform its agreements; and that the agreement will be binding upon and shall inure to the benefit of the successors and assigns of the respective parties.

A public hearing on this application was held in the city of San Francisco on June 4, 1914. The evidence shows that the Marysville and Colusa Branch was incorporated by the principal stockholders of the Northern Electric Railway Company for the purpose of

constructing a line of railroad between Marysville and Colusa. This line has actually been constructed between Colusa and Heyman, a station on the line of the Northern Electric between Colusa and Marysville. A separate corporation was formed so that bonds might be issued secured by a first mortgage on all the new property. Bonds of the face value of \$750,000 were sold at ninety-five per cent of their face value. Applicants' witnesses testified that the difference between the total cost of some \$900,000 and the sum of \$712,500, derived from the sale of the bonds, was principally advanced on open account by ^{the} four men who are the principal stockholders of the Northern Electric Railway Company. While capital stock of the par value of \$1,500,000 is outstanding, the company has derived from the sale of this stock only \$2,700. This financing was done prior to the effective date of the Public Utilities Act.

The Marysville and Colusa Branch has been operated since June 15, 1913, under an arrangement similar to that which is now embodied in the agreement for the execution ~~for the execution~~ of which this Commission's formal consent is now asked.

No one appeared in opposition to the granting of the application and I see no good reason to withhold this Commission's approval, with the understanding that the terms of the agreement will be subject at all times to revision or alteration by this Commission or other competent public authority.

I recommend that the application be granted, and submit herewith the following form of order:

O R D E R.

NORTHERN ELECTRIC RAILWAY COMPANY--MARYSVILLE-COLUSA BRANCH, and NORTHERN ELECTRIC RAILWAY COMPANY, having applied to the Railroad Commission, under the provisions of Section 51 of the Public Utilities Act, for an order authorizing the execution of an agreement affecting the possession and operation of the line of railroad of Northern Electric Railway Company--Marysville-Colusa Branch, between Colusa. in Colusa county, and Heyman, in Sutter county, a copy of which

agreement is attached to the petition herein and marked "Exhibit A," and a public hearing having been held on said application, and no one appearing in opposition thereto,

IT IS HEREBY ORDERED that said application be and the same is hereby granted, on condition that the Railroad Commission or other competent public authority shall at all times have the right to revise or alter all or any of the terms of said agreement.

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 5th day of June, 1914.

Alfred Cleveland

Max Gordon

Max Thelen

Commissioners.