

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA.

In the matter of the application of the Southern Pacific Railroad Company, Southern Pacific Company, The California, Arizona and Santa Fe Railway Company and The Atchison, Topeka and Santa Fe Railway Company, for approval of a certain contract relating to the joint use of a line of railroad between Mojave, in Kern County, California, and Bakersfield, in the same County, and for an Order authorizing the use and operation of said line of railroad in accordance with such contract.

Application No. 175.

- E. C. Booth and Geo. D. Squires for the Southern Pacific Company, and the Southern Pacific Railroad Company;
- E. W. Camp and E. S. Pillsbury for The California, Arizona and Santa Fe Railway Company, and The Atchison, Topeka and Santa Fe Railway Company.

LOVELAND and THREIN, Commissioners.

O P I N I O N

For years prior to the filing of this application and the hearing thereon, the several applicants had operated the line of railroad designated in the application as the "line of railroad between Mojave, in Kern County, and Bakersfield in the same County", under an agreement entered into by applicants providing for joint use, maintenance, repairs, etc. of said line of railroad.

This agreement would have expired by limitation in 1917 and applicants' claim to the effect that it should be cancelled at this time and a new agreement entered into is based upon the fact that the change recently made in the Laws of California as to taxing of corporations makes operation under the old agreement difficult and presents the necessity for the new agreement asked for. In addition to making such changes as are necessary owing to the changes made in the manner of taxing corporations, the new contract makes provisions for the possible double-tracking of the line of railroad

between Mojave and Bakersfield and for an increase in the rental paid by lessees in an amount which all parties to the agreement have declared reasonable and proper. This amount is to be $2\frac{1}{2}\%$ on the cost of double-tracking the road. Under the old agreement, the rental was fixed at Eighty Thousand (80,000) Dollars per annum. Under the new agreement it is increased to Eighty-four Thousand (84,000) Dollars.

The representatives of the applicants were closely questioned, but nothing was developed to disclose or indicate anything unfair to any of the parties to the agreement or injurious to the interests of the public. We believe that such joint operation and joint participation in upkeep, and other expenses will be of distinct advantage to applicants and without injury to any one. While in many cases of this kind the Commission will desire to investigate the value of the property leased, to ascertain the reasonableness of the rental price, we do not deem such investigation necessary in this case. We recommend that the prayer of applicants be granted; that the agreement or contract as to the joint operation of this line of road in question be approved and that an Order be issued authorizing such joint operation, and we submit herewith a form of order:-

ORDER

The Southern Pacific Railroad Company, Southern Pacific Company, The California, Arizona and Santa Fe Railway Company and The Atchison, Topeka and Santa Fe Railway Company having filed with this Commission their application for the approval of an agreement dated January 1st, 1912 between said companies relating to the joint use of a line of railroad between Mojave, in Kern County, California, and Bakersfield, in the same County, and for an order authorizing the use and operation of said line of railroad, in accordance with such

contract, and a public hearing having been held on said application, and it appearing to the Commission that public convenience and necessity will be served by the grant of the application.

IT IS HEREBY ORDERED that said application be and the same is hereby granted.

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 27th day of August, 1912.

H. D. Loveland
W. B. Brown
Max Shuler

Commissioners.