Decision No. 2108

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BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA.

In the matter of the application of WM. G. HENSHAW and of the RIVERSIDE RIALTO AND PACIFIC RAILROAD COMPANY for an order authorizing the said Wm. G. Henshaw to sell and transfer and the said company to purchase and acquire the Crescent City Railway and its equipment, and of the said company to mortgage the whole of its railroad and to issue stocks and stock certificates.

Application No. 1496

H. L. CARNAHAN, for applicants.

LOVELAND, Commissioner.

O P I N I O N

This application shows that applicant, Wm. G. Henshaw, is the owner of and is engaged in the businessof operating a certain street interurban and commercial railroad extending from a point within the city of Riverside, in the county of Riverside, State of California, via the Village of Bloomington, in the county of San Bernardino, in said state, to a point within the city of Rialto, in said county of San Bernardino, State of California, said street interurban and commercial railroad being commonly known as the Crescent City Railway, more particularly described and shown upon a map filed with the Commission to which reference is hereby made.

The application further shows that the Riverside Rialto and Pacific Railroad Company, which has joined in this application, is a corporation, organized and existing under the laws of the State of California, as shown by certified copy of its Articles of Incorporation, filed in the office of the Secretary of State of California, a copy of said certified copy being filed with this Commission; that said Crescent City Railway consists of all that certain real and personal property described in a copy of the deed thereof filed with this Commission marked "Exhibit A", and filed with this application; that the present value of said property is not less than $500,000. That applicant, said Wm. G. Henshaw, has, since the 26th day of December, 1912 and prior thereto, owned, operated and maintained said Crescent City Railway as an individual; that applicant, said Wm. G. Henshaw, now desires to continue the ownership, management and operation of said railroad but to use as a means for continuing said ownership, management and operation the above named Riverside Rialto and Pacific Railroad and to that end desires to transfer all of said railroad and its equipment through and by means of a deed, properly executed and delivered by him, in the form of said "Exhibit A", to said Riverside Rialto and Pacific Railroad Company, the consideration therefor being the issue by said Riverside Rialto and Pacific Railroad Company to said Wm. G. Henshaw, and the other incorporators named in the Articles of Incorporation thereof, of 3,000 shares of its authorized capital stock of the aggregate par value of $300,000., and the payment by said Riverside Rialto and Pacific Railroad Company to the said Wm. G. Henshaw of the sum of $200,000. in lawful money of the United States.

That of the said shares of stock it is desired that one share be issued to and held by Tyler Henshaw; one share issued to and held by Harry Chickering; one share issued to and held by Wm. H. Metcalfe; one share issued to and held by Wm. Lees, and the remaining 2,996 shares, or such part thereof as may be authorized by the Railroad Commission of the State of California, be issued to and held by the said Wm. G. Henshaw, who with Tyler Henshaw, Harry Chickering, Wm. H. Metcalfe and Wm. Lees will be directors of said corporation, the said Wm. G. Henshaw to continue in the management and control of said corporation and through it to control and manage the said railroad.

The application further shows that on December 3rd, 1914 the Railroad Commission of the State of California found as a fact that the reproduction cost less depreciation of the operative property of said Crescent City Railway was, on the 30th day of June, 1914, the sum of $450,052.55, and applicants allege that the reproduction cost less depreciation of said railroad is now more than said sum.

Applicant, the Riverside Rialto and Pacific Railroad Company asks permission to borrow the sum of $200,000. to be used in partial payment of the purchase price of said railroad, as hereinbefore set forth, and to repay the same in accordance with the tenor of the promissory notes set out in the copy of the mortgage attached to the application and marked "Exhibit B", and to secure the payment of said promissory notes by a mortgage in the form of said copy attached to the application and marked "Exhibit B" of all of the property and equipment of said railroad therein described, said mortgage to be given to the ANGLO-CALIFORNIA TRUST COMPANY of San Francisco to secure the payment of certain notes payable two and one-half years from date thereof at six and one-half per cent. per annum, said notes to consist of one hundred notes numbered 1 to 100 inclusive, of the denomination of $1,000. each, and twenty notes numbered 101 to 120 inclusive, of the denomination of $5,000. each.

It appeared at the hearing that the net earnings of said railroad for eighteen months ending June 30th, 1914 were $84,572.70, and that the freight and passenger traffic of said railroad and the net revenues to be derived therefrom will, in all probability, continue to increase and that the earnings of said railroad will annually exceed the earnings of said railroad for the year ending June 30th, 1914, and that said railroad company can easily pay the interest on said indebtedness, which it now asks permission to create, without impairing its capital or its efficiency as a common carrier and without necessity for increasing its charges for freight or passenger service to the public, and can refund the principal of said indebtedness at maturity, or such part thereof as shall then be unpaid, without impairing its efficiency or increasing its charges to the public.

A full and accruate description of the said railroad, its organization, construction and operation, its revenues and expenses, its original cost, its reproduction cost and its reproduction cost less depreciation, may be found in the opinion and findings of this Commission made in the matter of the Commission's investigation into the value of the property of Wm. G. Henshaw, doing business as a common carrier under the name and style of Crescent City Railway in Case No. 411, made and filed the 3rd day of December, 1914, which opinion and findings are hereby made a part of this opinion and order for the purpose of giving a recital of the facts and statements therein set forth.

The application further shows that a financial statement of said Wm. G. Henshaw, acting as such railroad corporation, prepared as of the 1st day of January, 1915, was attached to and made a part of the application and marked "Exhibit C".

Accordingly I submit the following order:

ORDER

This proceeding having come on regularly for hearing and the Commission being duly advised, and being of the opinion that the application herein should be granted, IT IS HEREBY ORDERED that Wm. G. Henshaw be and he is hereby authorized to transfer to the Riverside Rialto and Pacific Railroad Company the property comprising the Crescent City Railway, which property is set forth in detail in the inventory attached to the application and marked "Exhibit A" and,

IT IS FURTHER ORDERED that the Riverside Rialto and Pacific Railroad Company be and it is hereby authorized to issue 3000 shares of its capital stock, in the aggregate par value of $300,000. This stock to be issued one share to Tyler Henshaw, one share to Harry Chickering, one share to Wm. H. Metcalfe, one share to Wm. Lees, and the remaining 2,996 shares to Wm. G. Henshaw, and

IT IS FURTHER ORDERED that the Riverside Rialto and Pacific Railroad Company be and it is hereby authorized to issue promissory notes in the aggregate face value of $200,000., one hundred of said notes to be for the face value of $1,000. each numbered 1 to 100 inclusive, and twenty of said notes to be for the face value of $5,000. each numbered 101 to 120 inclusive, said notes to be payable two and one-half years from date and to bear interest at the rate of six and one-half per cent. per annum, payable semi-annually.

The stock and notes herein authorized to be issued shall be issued in exchange for all of the property of the Crescent City Railway herein authorized to be transferred.

IT IS FURTHER ORDERED that the Riverside Rialto and Pacific Railroad Company be and it is hereby authorized to execute a mortgage substantially in accordance with the form of mortgage attached to the application in this proceeding and marked "Exhibit B", which mortgage shall cover all of the property of the Crescent City Railway herein authorized to be transferred to said Riverside

Rialto and Pacific Railroad Company, said mortgage to be executed as a security for the notes which said company is herein authorized to issue.

The Riverside Rialto and Pacific Railroad Company shall keep a separate, true and accurate account, setting forth the fact of the issuance of stock or notes in accordance with this order, stating the amount of such issue, the date of issuance and the consideration received therefor, and shall, on or before the 24th day of each month, make a verified report to the Commission setting forth the facts in accordance with the Commission's General Order No. 24, which in so far as applicable, is made a part of this order.

This order shall not become effective until the fee due under Section 57 of the Public Utilities Act has been paid.

The authority herein granted to the Riverside Rialto and Pacific Railroad Company to issue stock and notes shall apply only to such stock and such notes as are issued on or before June 30th, 1915.

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 29th day of January, 1915.

Max Thelen

H D Loveland

Edwin O. Edgerton

Frank R. Devlin

Commissioners.

Railroad Commission State of California

Fee $200.00

JAN 29 1915

BY H. G. Mathewson

Assistant Secretary.

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