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Decision No. _____

Decision No. 2646

BEFORE THE RAILROAD COMMISSION OF THE
STATE OF CALIFORNIA.

In the Matter of the Application of
CASTRO POINT RAILWAY AND TERMINAL
COMPANY, a corporation, for an or-
der authorizing the issue of capi-
tal stock.)

Application

No. 1721.

McCutchen, Olney and Willard, by F.P.
Griffiths for applicant.

Reed, Nusbaumer and Bingham, by E.
Nusbaumer for Richmond Wharf and Dock
Company, Intervenor.

LOVELAND, Commissioner.

O P I N I O N

This is an application of CASTRO POINT RAIL-
WAY AND TERMINAL COMPANY for authority to issue 890
shares of capital stock of the par value of \$100. per
share, for the purpose of discharging certain out-
standing indebtedness and to provide funds for the
construction of railway facilities.

Applicant was incorporated under the laws of
the State of California on August 26, 1911, for the

purpose of constructing approximately two miles of railroad from a point near San Pablo Quarry to a connection with the Richmond Belt Line Railway Company, near Winehaven. All of the above described route lies within the city limits of Richmond, Contra Costa County, which city, by Ordinance No. 255, adopted March 25, 1912, has granted the railway company a fifty year franchise for the construction of its line.

At the present time the company has laid about 1,000 feet of track, which is now used by San Francisco-Oakland Terminal Railways to carry passengers to the ferry of the Richmond and San Rafael Ferry and Transportation Company, and to take shipments of rock from the quarry bunkers.

Applicant states that it has acquired all of the necessary right-of-way for its line, excepting a small piece of land which may not be needed in case the Richmond Belt Line Railway makes certain changes in its right-of-way.

Up to May 1, 1915, the applicant states that the total cost of its line was the sum of \$50,123.46. It has an authorized capitalization of \$100,000, divided into 1,000 shares of the par value of \$100. per share, of which 110 shares are now outstanding. It has issued no bonds, notes or other evidence of indebtedness.

The purposes of the present issue are to repay Blake Brothers Company for advances in the sum of

\$18,405.07; to repay San Francisco Quarries Company for advances in the sum of \$21,070.11; and to pay an obligation to its attorneys, McCutchen, Olney and Willard, in the sum of \$490. The balance of the proceeds the company intends to use in repaying advances made subsequent to May 1, 1915, and to provide for new construction.

At the hearing of this application Richmond Wharf and Dock Company appeared in intervention, its interest arising from the fact that the railway company has acquired two parcels of land belonging to the Dock Company under condemnation proceedings. An order in these proceedings was entered by the Superior Court of Contra Costa County on August 19, 1913, and the matter is now on appeal to the Supreme Court.

The principal point raised by the intervenors was that the Railway Company was not a public utility and that the Commission was, therefore, without jurisdiction. There is no merit in this contention.

Applicant states that it is the intention to issue the stock herein applied for to Blake Brothers Company, or to some individual member of the firm, and

that it is their intention to hold this stock and not to resell the same to the public. The advances heretofore made for the railway have been by Blake Brothers Company or the San Francisco Quarries Company, which is controlled by Blake Brothers Company.

It is estimated that for the present, traffic will consist chiefly of rock shipments from the quarries controlled by Blake Brothers Company. At the present time such rock as is shipped from these quarries by rail passes over the lines of the San Francisco-Oakland Terminal Railways and shipments are accordingly limited by the freight franchises of this company.

Applicant asserts that the contemplated connection with the Belt Line will give it outlet over both the Southern Pacific and The Atchison, Topeka and Santa Fe railways. Applicant hopes that eventually new industries may be attracted to the section of the bay shore served by its lines and additional business result therefrom.

The present output of the quarries which the line will serve is approximately 180,000 yards a year. Witness for the applicant stated that this output would probably be increased fifty per cent. with adequate railway connections.

At the hearing of the application of Castro Point Railway and Terminal Company for authority to enter into an agreement with Charles Van Damme for the

use of a wharf (Application No. 1738), Richmond Wharf and Dock Company again asked for permission to protest against the issue of stock applied for in the application herein. It was thereupon stipulated that Richmond Wharf and Dock Company should be given an opportunity to present such additional evidence as it had to offer in the form of a written statement, to which Castro Point Railway and Terminal Company would be given an opportunity to reply. This statement and the reply thereto have been filed. Briefly, the arguments presented by Richmond Wharf and Dock Company are:

1. That this stock should not be sold to the public, as it has no assets behind it;
2. That Castro Point Railway and Terminal Company is not proceeding in good faith;
3. That no need exists for the proposed line of the railway company;
4. That the amount of stock asked for would be insufficient to build said line;
5. That the road could never pay expenses;
6. That the San Pablo Quarry Company's business is adequately served by existing facilities; and
7. That the whole scheme of the Castro Point Railway and Terminal Company was launched for the purpose of acquiring certain property of Richmond Wharf and Dock Company.

In answer to this statement the railway company replies:

1. That it is not the intention to sell this stock to the public and that Blake Brothers Company will consider the investment good by reason of added value to lands and in the increased facilities for quarry output;

2. That the railway company has already demonstrated its good faith by laying 1,000 feet of track and doing considerable cutting and filling;
3. That the proceeds from the present issue will be sufficient to build a line to the proposed extension of the Belt Line Railway;
4. That the promoters have frankly stated that they do not expect immediate dividends upon this stock at present;
5. That at the present time the quarry company can only ship by rail over the lines of the San Francisco-Oakland Terminal Railway; and
6. That the condemnation of the property of Richmond Wharf and Dock Company was only an incident in connection with its larger plans.

After a consideration of the evidence submitted by the applicant and after due consideration of the points raised by the intervenor, I am of the opinion that the application for issue of stock as herein requested should be granted. I believe, however, that Castro Point Railway and Terminal Company should first demonstrate that it will proceed with the construction of a serviceable line, and I shall accordingly make the issue of this stock dependent upon the completion of all or substantial units of the line which Castro Point Railway and Terminal Company proposes to build.

This will work no hardship upon the applicant if it proceeds with the construction of its railway in good faith, for the reason that all of the advances for the railway are being made by Blake Brothers Company, or the San Francisco Quarries Company, which is controlled by Blake Brothers Company.

The railway enterprise is to be controlled by Blake Brothers Company, and when the advances have been sufficient to enable the railway to complete a substantial unit, this Commission will issue its supplemental order, so that the railway may then issue to Blake Brothers Company enough stock at par to cover such advances.

I accordingly submit the following form of order:

O R D E R

CASTRO POINT RAILWAY AND TERMINAL COMPANY
having applied to this Commission for authority to issue 890 shares of stock for the purposes hereinbefore set forth;

And it appearing to this Commission that the purposes for which applicant proposes to issue said stock are not reasonably chargeable in whole or in part to operating expenses, or to income;

IT IS HEREBY ORDERED that Castro Point Railway and Terminal Company be, and it is hereby, authorized to issue 890 shares of its capital stock of the par value of \$100. per share, upon the following conditions, and not otherwise:

1. The stock herein authorized to be issued shall be sold by applicant at not less than its par value of \$100. per share;

2. Before any of the stock herein authorized shall be issued, applicant shall present to this Commission satisfactory evidence that it has completed all, or a substantial unit, of its proposed line, and shall secure from this Commission a supplemental order approving the same, and determining the amount of stock to be issued;

3. The authority herein granted shall apply only to such stock as shall have been issued on or before June 30, 1916.

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 31st day of July, 1915.

Max Thelen
Alfred Gordon
H. J. Ireland

Commissioners.