

Decision No.       

ORIGINAL

Decision No. 3180

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

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In the Matter of the Application )  
of CALIFORNIA, ARIZONA & SANTA FE )  
RAILWAY COMPANY, a corporation, )  
and LATON & WESTERN RAILROAD COM - )  
PANY, a corporation, for an order )  
authorizing the former to purchase )  
from the latter, all of the latter's )  
outstanding capital stock. )

Application No. 2142.

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M. W. Reed, for applicant.

LOVELAND, Commissioner.

O P I N I O N

This is an application of California, Arizona and Santa Fe Railway Company for authority to purchase the entire capital stock of Laton and Western Railroad Company.

Laton and Western Railroad Company was incorporated on August 8, 1910, under the laws of the State of California. It has a total issue of capital stock amounting to \$300,000. all of which is outstanding. Its line of railroad, which was originally constructed for the purpose of opening for settlement

the Laguna de Tache Ranch, leaves the Atchison, Topeka & Santa Fe Railway Company's main line between San Francisco and Los Angeles at the Town of Laton, Fresno County, and runs in a general westerly direction to the Town of Lanare, Fresno County, a distance of approximately 20 miles. The road was placed in service on February 22, 1911.

The company has no equipment and since its completion has been operated under lease by the Atchison, Topeka & Santa Fe Railway Company, which lease has been heretofore approved by this Commission. This lease provides that all expenses for up-keep and operation shall be borne by the Atchison, Topeka & Santa Fe Railway. It further stipulates that the Atchison, Topeka and Santa Fe Railway shall pay no rental to Laton and Western Railroad Company, and that Laton and Western Railroad Company shall in turn be under no obligation to pay interest on the bonds held by the Atchison, Topeka and Santa Fe Railway Company.

Laton and Western Railroad Company has issued \$200,000. face value of bonds, dated January 11, 1911, maturing January 1, 1941 and bearing interest at 5 per cent per annum. Of these bonds, \$178,000. face value have been issued and delivered to the Atchison, Topeka and Santa Fe Railway Company in payment for work and material furnished by the latter company in the construction of Laton and Western Railroad Company's line.

The lease to the Atchison, Topeka and Santa Fe Railway Company expired on March 21, 1916, and as Laton and Western Railroad Company has neither the equipment or funds with which to operate the property it is proposed by its shareholders to sell the stock to the California, Arizona and Santa Fe Railway Company. The consideration named in the application is \$1.00.

The California, Arizona and Santa Fe Railway Company is a subsidiary of the Atchison, Topeka and Santa Fe Railway Company, all of its capital stock except sufficient shares to qualify directors being owned by the Atchison, Topeka and Santa Fe Railway

Company. If the transfer of property above set forth is approved by the Commission, the California, Arizona and Santa Fe Railway Company plans to lease Laton and Western Railroad Company's line to the Atchison, Topeka and Santa Fe Railway Company.

At the hearing witness for the Atchison, Topeka and Santa Fe Railway Company testified that if this plan is carried out it is the intention of the Atchison, Topeka and Santa Fe Railway Company to furnish adequate and sufficient service for both freight and passengers.

It was further stated that before the transfer takes place all of the debts of Laton and Western Railroad Company, with the exception of the bond issue, will be assumed by the present stockholders of Laton and Western Railroad Company.

As regards the bond issue it is apparent that if all of the capital stock of Laton and Western Railroad Company and all of the bonds are owned by either the Atchison, Topeka and Santa Fe Railway Company or its subsidiary, the California, Arizona and Santa Fe Railway Company, that the bonded indebtedness of Laton and Western Railroad Company will be virtually cancelled.

I am of the opinion that the transfer of this property will result ultimately in better service and facilities for the public and that the application herein should be granted.

I submit the following form of Order:

### O R D E R

THE CALIFORNIA, ARIZONA AND SANTA FE RAILWAY COMPANY, having applied to this Commission for authority to purchase the entire outstanding capital stock of Laton and Western Railroad Company; and it appearing to the Commission that public convenience will be served by the granting of this application;

IT IS HEREBY ORDERED that the California, Arizona and Santa Fe Railway Company be and it is hereby authorized to purchase \$300,000. par value of capital stock of Laton and Western Railroad Company.

The order herein made is made upon the following conditions and not otherwise:-

- 1.-When the transfer of stock herein authorized shall have been completed, applicant shall file with this Commission a copy of the contract of sale.
- 2.-The stock of Laton and Western Railroad Company herein authorized to be transferred shall be acquired by the California, Arizona and Santa Fe Railway Company only after arrangements have been completed with the sellers of said stock for the payment or assumption of all indebtedness which may be outstanding upon the properties of Laton & Western Railroad Company, except the \$178,000. of bonds of Laton and Western Railroad Company which are now outstanding.
- 3.-The authority herein granted to transfer property shall apply only to such transfer of property as shall have taken place on or before January 1, 1917.

The foregoing Opinion and Order are hereby approved and ordered filed as the Opinion and Order of the Railroad Commission.

Dated at San Francisco, California, this 22nd day of March, 1916.

Max Shelton  
H. B. Ireland  
W. J. Gordon  
Francis P. Decker