

Decision No. _____

ORIGINAL

Decision No. 3886

BEFORE THE RAILROAD COMMISSION OF THE
STATE OF CALIFORNIA

In the Matter of the Application)	
of INDIAN VALLEY RAILROAD COMPANY)	
for an order authorizing it to)	
sell 3,250 shares of its capital)	Application
stock at par and to issue to El-)	No. 2598
mer E. Paxton 100 shares for ser-)	
vices.)	

I. J. Truman, Jr., for applicant.

BY THE COMMISSION.

O P I N I O N

This is an application by INDIAN VALLEY RAILROAD COMPANY, a corporation, for authority to issue and sell at par 3,250 shares of its capital stock of the par value of \$100. per share and to issue to Elmer E. Paxton one hundred shares of its stock for promotion services.

A public hearing was held in San Francisco November 10, 1916. From the evidence it appears that applicant was incorporated under the laws of the State of California on June 29, 1916, with an authorized capital stock of 6,000 shares of the par value of \$100. each. The Company has no preferred stock and no bonded indebtedness.

Applicant is at present engaged in the construction of a standard gauge road from a point on the Western Pacific, near Keddie in Plumas County, known as Paxton, northerly to

Lower Camp, in said county, a distance of approximately 21.2 miles. At the date of the hearing approximately 16.4 miles of the road bed had been completed. The road will be operated by steam and will be a common carrier, although its predominant source of traffic will be Engles Copper Mining Company. It will not only be a valuable feeder to the Western Pacific Railway Company, but it will also aid in the development of Indian Valley and adjacent territory, the agricultural and mining resources of this region having been held back in the past through lack of proper transportation facilities.

For the first six miles from Paxton, the proposed road closely follows Indian Creek through rather rough and mountainous territory. It then enters Indian Valley and for the rest of the distance traverses almost level country. The road will have compensated grades with a maximum of 4.0%, and a maximum curvature of 24 degrees.

Applicant intends to finance the building and equipment of said road entirely by the sale of its treasury stock to two corporations, one being the Engels Copper Mining Company, which has subscribed for 2,500 shares at par; the other being the Standard Realty and Development Company, a company affiliated with the Western Pacific Railway Company, which has subscribed for 750 shares at par. It might here be stated that applicant intends to lease most of its rolling stock from the latter Company.

Applicant has submitted the following estimate as to the cost of building the 21.2 miles of road:

DIVISION NO. 1 - Mile 277.5 to Arlington Bridge,

distance 6.8 miles:-

Clearing and Grubbing 35 acres @ \$55.00	\$1,925.00
Grading 100,000 cu.yd. @ 55¢	55,000.00
2 Spans Deck Howe Truss, 120' each	15,000.00
450 lin. feet Trestle @ \$12.00	5,400.00
800 lin. feet Trestle @ 10.00	8,000.00
Culverts, drains and road crossings	7,000.00
Cutting	7,000.00
Track laying and surfacing	7,000.00
Track ties, 20,000 @ 40¢	8,000.00
Track Spikes	1,750.00
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	\$116,075.00
Add 10% contingencies	11,607.00
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Total	\$127,682.00

DIVISION NO. 2- Arlington Bridge to Lower Camp,

Engels Copper Mining Company, distance 14.4 miles:-

Clearing and Grubbing 36 acres @ \$40.00	\$ 1,440.00
Grading 120,000 cu.yd. @ 25¢	30,000.00
2,500 lin. feet Pile Trestle @ \$9.	22,500.00
2 - 90' Bridges	9,000.00
1,000 lin. feet Log Cribbing @ 18¢	1,800.00
Culverts, Drains and Road Crossings	5,000.00
Track laying and surfacing	14,400.00
Track ties, 42,000 @ 40¢	16,800.00
Track Spikes	3,600.00
Right of Way fencing- 14.4 miles @ \$800.	11,520.00
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	\$116,060.00
Add 10% for Contingencies	11,606.00
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Total	\$127,666.00

STATION BUILDINGS, ETC.:-

4 Station buildings	\$ 8,000.00
Water Stations and section houses	4,000.00
1 Oil Station	1,500.00
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	\$ 13,500.00
10%	1,350.00
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	\$ 14,850.00
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SUMMARY

Division No. 1- 6.8 miles	\$127,682.00
Division No. 2-14.4 miles	127,666.00
Station Buildings, etc.	14,850.00
Engineering and Preliminary Surveys	20,000.00
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Total cost	\$290,198.00

The foregoing estimate does not include rails, rail fastenings, frogs or switches. This material is being furnished to applicant by Western Pacific Railway Company under a lease at the annual rental of six per cent. of its actual cost delivered at Paxton; the term of the lease is for five years with an option for the purchase of the material by applicant at any time during said term at its actual cost.

R. C. Ashworth, one of the Commission's assistant engineers, made an examination of applicant's property and an estimate of the cost of building the proposed railroad. This estimate of the Commission's engineering department agrees very closely with that submitted by the applicant.

The testimony further shows that Elmer E. Paxton has been endeavoring for the last two and one-half years to promote a railroad from Lower Camp to some main line, and that he has presented the matter to a number of different parties and has altogether devoted a considerable amount of time and energy to the promotion and financing of the proposed road. His efforts have apparently resulted in his obtaining rails and other material from the Western Pacific Company upon an extremely advantageous basis and in the financing of the road through the sale of its stock at par. Under these circumstances we find one hundred shares, of the total par value of \$10,000, to be a reasonable compensation for the services rendered.

Applicant has adopted the conservative method of financing its road entirely by the sale of common stock at par, and there appears to be every reason why this application should be granted.

O R D E R

INDIAN VALLEY RAILROAD COMPANY having applied to the Railroad Commission of the State of California for authority to issue 3,250 shares of its capital stock at par and one hundred additional shares for promotion services.

And a public hearing having been held upon said application and the Commission finding that the purposes for which said stock is to be issued, or the proceeds thereof are to be used, are not in whole or in part reasonably chargeable to operating expenses or to income, and that the application should be granted;

IT IS HEREBY ORDERED that Indian Valley Railroad Company be, and it is hereby, authorized to issue and sell 3,250 shares of its capital stock, of the par value of \$100. per share;

It is hereby further ordered that applicant be, and it is hereby, authorized to issue to Elmer E. Paxton one hundred shares of its capital stock of the par value of \$100. per share in return for all services rendered and to be rendered in connection with the promotion and organization of applicant.

The authority herein granted to applicant is granted subject to the following conditions, and not otherwise:

1. Indian Valley Railroad Company shall not sell any of said 3,250 shares of stock so as to net said company less than \$100. cash per share..

2. The proceeds from the issue of stock herein authorized to be sold shall be applied upon the construction and equipment of applicant's proposed railroad line substantial-

ly in accordance with applicant's estimate of the cost of construction, as set forth in the opinion preceding this order, subject to such modifications as applicant may from time to time make in its plans, with the approval of this Commission.

3. The authority herein granted shall apply to such stock as shall be issued on or before November 1, 1917.

4. The one hundred shares of stock herein authorized to be issued to Elmer E. Paxton shall not be issued until applicant shall have sold and received payment for at least three thousand (3,000) shares of the stock herein authorized to be sold.

5. Indian Valley Railroad Company shall keep a true and accurate record of the issue of the stock herein authorized, and shall on or before the twenty-fifth day of the month following the issue of any of said stock make a verified report to this Commission, setting forth the fact and date of issue, the face value of the stock so issued, the net amounts received therefor and the disposition of the proceeds thereof, all in accordance with this Commission's General Order No. 24, which order, in so far as applicable, is made a part of this order.

Dated at San Francisco, California, November 18th.

1916.

H. H. ...
Alex Gordon

Frank R. ...
Commissioners.