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ORIGINAL

Decision No. 14854

Decision No. _____

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)	Application No. 3217
sell fifteen hundred (1500) shares)	
of its capital stock.)	

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

GORDON, Commissioner.

O P I N I O N

In this application Indian Valley Railroad Company asks authority to issue \$150,000.00 par value of its common capital stock at par. Applicant proposes to use the proceeds from the sale of its stock for the following purposes:-

Pay indebtedness due Engels Copper Mining Company	\$101,000.00
Pay indebtedness due The Western Pacific Railroad Company	\$ 10,000.00
Purchase terminal properties at Paxton,	\$ 7,500.00
Build and furnish hotel at Paxton.....	\$ 15,000.00
Build cottages for employees at Paxton,	\$ 8,000.00
Build depot at Verament	\$ 1,000.00
Pay one-half of the cost of depot at Paxton	\$ 1,500.00
Build round house at Paxton	\$ 1,500.00
Build section houses at Paxton	\$ 1,500.00
Purchase an additional passenger coach	\$ 2,500.00

Applicant as stated in Decision Number 3886, dated November 18, 1916, (Vol. 11, Opinions and Orders of the Railroad Commission of the State of California, page 998) is engaged in constructing a standard gauge railroad 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 21.2 miles. While trains are being operated at present there remains some minor construction work such as the construction of section houses, terminal facilities and ballasting to be done. It was originally estimated that this road would cost \$325,000.00. Engels Copper Mining Company and Standard Realty and Development Company have entered into an agreement whereby the former agreed to subscribe for \$250,000.00, the latter for \$75,000.00 of applicant's stock. In addition the Mining Company agreed to furnish all additional funds necessary to build and equip the road.

By Decision Number 3886, the Commission authorized applicant to issue \$335,000.00 of stock, \$10,000.00 of which applicant was permitted to issue to Elmer E. Paxton for services rendered or to be rendered in connection with the promotion and organization of the Indian Valley Railroad Company. All of this stock has been issued.

Applicant now reports that because of the delay in getting materials, unusual weather conditions, increase in prices and the advisability of purchasing equipment instead of leasing the same, the cost of the road up to September 1, exceeded \$425,000.00. To defray the additional expense of construction, Engels Copper Mining Company has advanced to applicant \$96,000.00 in cash and \$5,000.00 worth of merchandise, while there is due The Western Pacific Railroad Company \$10,000.00 for materials and work done.

Applicant desires to purchase for terminal facilities 80 acres of land known as the Iron Bar property and pay therefor \$7,500.00. Applicant reports that a part of this property is now being used by it and that all of said property is necessary for its operation and the only tract available for terminal purposes at Paxton.

As above stated applicant desires to use \$15,000.00 of the proceeds from the sale of its stock to build and furnish a hotel at Paxton, the junction point between applicant's road and the Western Pacific. Applicant reports that it is inadvisable to arrange its train schedule so as to make direct connection with the Western Pacific at Paxton and that some accommodation must be furnished at this point to the traveling public. It has filed with the Commission a stipulation in which it agrees that it will not include in the cost of its operative property for the purpose of fixing passenger or freight rates, the cost of its hotel property.

I recommend that this application be granted and herewith submit the following form of Order:-

ORDER

INDIAN VALLEY RAILROAD COMPANY having filed an application with the Railroad Commission for authority to issue \$150,000.00 par value of its common capital stock, and a hearing having been held, and the Commission being of the opinion that the money, property or labor to be procured or paid for by such issue is reasonably required for the purpose or purposes specified in the order and that the expenditures for such purpose or purposes are not in whole or in part reasonably chargeable to operating expenses or to income;

IT IS HEREBY ORDERED that Indian Valley Railroad Company be and it is hereby granted authority to issue at not less than par \$150,000.00 par value of its common capital stock on the following conditions and not otherwise:-

1.-The proceeds obtained from the sale of the stock herein authorized to be issued shall be used for the following purposes:-

To pay indebtedness due Engels Copper Mining Company	\$101,000.00
To pay indebtedness due The Western Pacific Railroad Company	\$ 10,000.00
To purchase the so-called Iron Bar property for terminal purposes at Paxton	\$ 7,500.00
To pay for the construction and furnishing of a hotel at Paxton.....	\$ 15,000.00
To pay for the construction of cottages for employees at Paxton	\$ 8,000.00
To pay for the construction of a depot at Vermont	\$ 1,000.00
To pay one-half of the construction cost of depot at Paxton	\$ 1,500.00
To construct a round house at Paxton	\$ 1,500.00
To pay for the construction of section houses	\$ 1,500.00
To pay for an additional passenger coach ...	\$ 2,500.00

2.-Indian Valley Railroad Company shall keep separate, true and accurate accounts showing the receipt and application in detail of the proceeds of the sale of the stock herein authorized to be issued; and on or before the twenty-fifth day of each month the company shall make verified reports to the Railroad Commission stating the sale or sales of said stock during the preceding month, the terms and conditions of the sale, the moneys realized therefrom, and the use and application of such moneys, 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.

