

Decision No. _____

ORIGINAL

Decision No. 1891

BEFORE THE RAILROAD COMMISSION
OF THE STATE OF CALIFORNIA

In the Matter of the Application of :
the QUINCY WESTERN RAILWAY COMPANY :
and QUINCY LUMBER COMPANY for permis- :
sion to enter into a certain contract : Application
for the sale and purchase of a rail- : No. 3307.
road, its appurtenances and equipment, :
and the QUINCY WESTERN RAILWAY COMPANY, :
QUINCY LUMBER COMPANY and QUINCY RAIL- :
ROAD COMPANY for permission to make :
conveyance of said railroad, its ap- :
purtenances and equipment, to QUINCY :
RAILROAD COMPANY and for authority to :
QUINCY RAILROAD COMPANY to issue stock. :

Thomas E. Breeze for applicants.

BY THE COMMISSION

O P I N I O N

Quincy Western Railway Company asks authority to sell to Quincy Railroad Company for \$25,000.00 the properties described in Exhibits A and B attached to the original petition herein. The properties are to be transferred free and clear of all incumbrances. Quincy Railroad Company asks authority to issue at par, \$40,000 of its common capital stock. Of the proceeds it proposes to use \$25,000 to purchase the properties of Quincy Western Railway Company. The

remaining \$15,000 of the proceeds it desires to expend for improvements, payment of organization expenses and miscellaneous charges, as permitted by the Railroad Commission in a supplemental order.

A hearing on the above entitled petition, as amended, was held by Examiner Encell on November 19, 1917 in San Francisco. Petitioner requests the Commission to consider in this proceeding the evidence offered by it in connection with Application No. 3199.

Quincy Western Railway Company was incorporated October 1, 1909 under the laws of California. It owns and operates a standard gauge steam railroad between Quincy Junction on the line of The Western Pacific Railroad Company and the City of Quincy in Plumas County, a distance of 5.24 miles. In decision No. 2864 dated October 30, 1915 (Volume 8, Opinions and Orders of the Railroad Commission of California, page 340) the Railroad Commission found the reproduction cost of its properties, using the market value of the land, to be \$76,397.53, as of July 30, 1914, and the reproduction cost less depreciation to be \$65,531.05.

In Application No. 3199 filed September 15, 1917, Quincy Western Railway Company asked permission to discontinue the operation of its line of railway. At the hearing held on this application at Quincy on October 5, 1917 before Examiner Encell, The Quincy Lumber Company, which owns and operates a lumber mill at Quincy, appeared and protested

against the granting of Application No. 3199. Protestant offered to purchase the Quincy Western Railway Company properties for \$25,000. This offer was accepted by the railway. On November 3, Quincy Western Railway Company filed its application with the Commission for authority to sell its properties to the Quincy Lumber Company or to such person or corporation as the purchaser directs. On November 10 the amended petition herein was filed. This contemplates that the properties be transferred directly from the Quincy Western Railway Company to the Quincy Railroad Company for the sum of \$25,000.

On September 1, 1917, Quincy Western Railway Company reported assets and liabilities as follows:

ASSETS

Road	\$57,027.18
Equipment	12,533.23
General Expenditures	6,558.18
Additions and betterments	4,877.09
Cash	1,662.21
Accounts Receivable	1,259.39
Treasury Stock	1,115.00
Deferred Charges	345.41
Deficit	27,478.86
Total Assets	<u>\$112,856.55</u>

LIABILITIES

Stock Outstanding	\$ 62,881.00
Assessment #1	6,288.10
Mortgage Indebtedness	25,363.40
Bills Payable	9,098.52
Accounts Payable	1,585.63
Interest Payable	3,842.30
Reserve for Depreciation	3,797.60
Total Liabilities	<u>\$112,856.55</u>

Of the mortgage indebtedness of \$22,641.67 is payable to the Calveras Dredging Company and \$2,721.73 to E. C. Flournoy, B. Schneider and E. Euskinson. A. L. Dahl, secretary of Quincy Western Railway Company, testified that satisfactory arrangements had been made for the payment and release of the company's indebtedness.

Quincy Railroad Company was organized in November, 1917. It has an authorized capital stock issue of \$75,000.00, divided into 750 shares of \$100.00 each. As above stated it now asks authority to issue \$40,000.00 par value of its stock at par and use \$25,000.00 of the proceeds to pay for the properties of the Quincy Western Railway Company, as the same existed on October 31, 1917. The remaining \$15,000.00 it desires to expend for such purposes as may hereinafter be designated by the Railroad Commission in a supplemental order.

The testimony offered in this proceeding as well as Application No. 3199 indicates that the transfer of the properties from the Quincy Western Railway Company to the Quincy Railroad Company, controlled by the Quincy Lumber Company, will be beneficial to the residents of Quincy and adjacent territory.

O R D E R

QUINCY WESTERN RAILWAY COMPANY, having applied to the Railroad Commission for authority to sell its properties, described in Exhibits "A" and "B" attached to the original petition herein to Quincy Railroad Company and Quincy Railroad

Company having applied to the Railroad Commission for authority to issue \$40,000 of stock, and a public 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 of stock is reasonably required for the purpose or purposes specified in the order and that such purpose or purposes are not in whole or in part reasonably chargeable to operating expenses or to income,

IT IS HEREBY ORDERED, that Quincy Western Railway Company be, and it is hereby, granted authority to sell free and clear of all incumbrances its properties described in Exhibits "A" and "B" attached to the original petition herein to Quincy Railroad Company for the sum of \$25,000.

IT IS ^{FURTHER} HEREBY/ORDERED, that Quincy Railroad Company be, and it is hereby, granted authority to issue at not less than the par value thereof in cash, \$40,000 of its common capital stock, upon the following conditions and not otherwise:

(1) Of the proceeds obtained from the sale of the stock \$25,000 shall be used to purchase the properties of Quincy Western Railway Company described in Exhibits "A" and "B" attached to the original petition herein.

(2) The remainder of the proceeds from the sale of the stock shall be expended only for such purposes as may hereinafter be designated by the Commission in a supplemental order.

(3) The consideration at which the public utility properties are herein authorized to be transferred, shall

not be considered as a measure of value of said properties before this Commission or any other public body for rate fixing or any other purpose.

(4) The authority herein granted to transfer the public utility properties shall not become effective until the Commission has approved the book entries relative to the transfer and purchase of the properties.

(5) Within thirty days after the execution by the petitioners herein of an instrument of conveyance transferring the property herein referred to, a certified copy of said instrument of conveyance shall be filed with the Railroad Commission by Quincy Railroad Company.

(6) Quincy 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 the Railroad Commission, setting forth the fact and date of issue, the par value of the stock so issued, the amount received therefore, and the disposition of the proceeds thereof, all in accordance with the Railroad Commission's General Number 24, which order, in so far as applicable, is made a part of this order.

(7) The authority herein granted to transfer property and issue stock shall apply only to such property as may be transferred and to such stock as may be

issued, on or before June 30, 1918.

Dated at San Francisco, California, this 27th
day of November, 1917.

Max Thelen
H. L. Howard

Edwin O. Edgerton

Commissioners