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ORIGINAL

Decision No. 7736.

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

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In the Matter of the Application of)
 NORTHWESTERN PACIFIC RAILROAD COMPANY)
 for an order authorizing the issue of) Application Number 5702.
 bonds of the face value of \$1,008,000.)

 Stanley Moore, for applicant;
 J.W. McCaughey and J.D. Connolly for protestants.

MARTIN, Commissioner.

O P I N I O N .

NORTHWESTERN PACIFIC RAILROAD COMPANY asks permission to issue \$1,008,000.00 face value of its first and refunding mortgage 4½ per cent bonds due March 1, 1957. It intends to sell the bonds to the Southern Pacific Company at 95 and accrued interest, and use the proceeds to reimburse its treasury.

Applicant reports that from September 30, 1915 to February 29, 1920, it expended for additions and betterments the sum of \$958,062.00. This amount was expended for the following purposes:

Road,	\$846,509.77
Equipment,	114,496.00
General Expense (Credit)	<u>2,943.34</u>
Total,	\$958,062.43

W.S. Palmer, president of Northwestern Pacific Railroad Company, testified that if this application is granted and applicant permitted to reimburse its treasury on account of expenditures of \$958,062, it would invest all the proceeds obtained from the sale of bonds in new equipment and additions and betterments, and that it is not the intention of the company to withdraw any of the moneys obtained from the sale of bonds from its business.

The record shows that the company is in need of equipment, the cost of which is estimated at \$1,026,500. The needed equipment consists of one tug, one car float, sixty logging flats, fifty stock cars, fifty steel gondolas, ten cabooses, two steel baggage cars, six steel coaches, twelve vestibule wooden coaches for main line use, twelve wooden coaches for suburban service and three locomotives.

J.W. McCaughey and J.D. Connolly urge the Commission to require applicant to broad-gauge its track from Point Reyes to Monte Rio, -a distance of about 38 miles, and improve its service between these points. Recently the company has completed broad-gauging its track from Sausalito to Point Reyes. The change from a broad to a narrow-gauge track at Point Reyes, necessitates a transfer of all passengers, freight and express at that point, with consequent delay, particularly in freight shipments. The testimony of W.S. Palmer shows that whenever a structure is re-built on the narrow-gauge track, it is constructed so as to take care of a broad-gauge track, and finally, the 38 miles of narrow-gauge track will be eliminated and a broad-gauge track substituted. He also takes the position that the broad-gauging of the track between Point Reyes and Sausalito has released narrow-gauge equipment formerly used between those points, and that this equipment can now be used between Point Reyes and Monte Rio, and that as a result, the company can offer better service. Protestants also asked for more frequent train service. The matter of service is being made the subject of a separate investigation, and I do not believe that it is necessary to hold up a decision in this matter until such investigation is completed. If applicant and protestants are unable to reach a satisfactory agreement, the Commission, of course, will give consideration to a formal complaint.

I do not believe that the Commission should at this time and under existing conditions, insist that the company appropriate proceeds from the sale of the bonds herein authorized to broad-gauge the

track between Point Reyes and Monte Rio. I believe that this work should be carried forward as rapidly as applicant's finances permit, taking into account the operations and the service ^{to be} rendered by applicant over its entire system.

I herewith submit the following form of Order:

O R D E R.

NORTHWESTERN PACIFIC RAILROAD COMPANY having applied to the Railroad Commission for permission to issue \$1,008,000.00 of bonds, a public hearing having been held and the Railroad 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 this 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 NORTHWESTERN PACIFIC RAILROAD COMPANY be, and it is hereby, authorized to issue and sell on or before October 1, 1920, at not less than 95 per cent of their face value plus accrued interest \$1,008,000.00 of its first and re-funding mortgage 4½ per cent bonds due March 1, 1957, and use the proceeds to reimburse its treasury on account of expenditures on capital account made from September 30, 1915 to February 29, 1920, referred to in this application; PROVIDED:

1.-- That, all the proceeds obtained from the sale of bonds herein authorized be used by applicant to acquire additional railway equipment or construct extensions, additions and betterments.

2.-- That, Northwestern Pacific Railroad Company will keep such record of the issue and sale of the bonds

herein authorized and of the disposition of the proceeds as will enable it to file on or before the twenty-fifth day of each month a verified report, as required by the Railroad Commission's General Order Number 24, which order, in so far as applicable, is made a part of this Order.

3.-- That, the authority herein granted will not become effective until applicant has paid the fee prescribed in the Public Utilities Act.

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 16th day of June, 1920.

Edwin O. Edgerton

W. H. ...

Dwight ...

Commissioners.

State of California
Fee \$100.00
JUN 17 1920
H. ...
Secretary