

Decision No. 12936

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA.

ORIGINAL

In the Matter of the Application of
RICHMOND-SAN FRANCISCO TRANSPORTATION
COMPANY, for an order authorizing the
issue of stock and stock certificates.

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) Application Number 9472
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Preston and Duncan; Sanborn, Roehl and DeLancey
C. Smith by John W. Preston and Arthur Roehl
respectively, for Applicant.

Elmer E. Robinson, for Ellis Landing and Dock
Company and San Francisco-Richmond Ferry Company.

A. L. Whittle, for trustees owning property
formerly owned by San Francisco-Oakland Terminal
Railways.

Philip L. Keller, for Six Minute Ferry Company.

WHITTLESEY, Commissioner :

OPINION

The RICHMOND-SAN FRANCISCO TRANSPORTATION COMPANY asks permission to issue and sell 4,250 shares (\$425,000.00 par value) of its stock at par on a basis to net 85 per cent of the par value and use the net proceeds to pay in part the cost of a ferry boat, construct terminal facilities and provide itself with working capital.

The Commission by its decision in Application Number 9430 granted Richmond-San Francisco Transportation Company the right to operate ferry boats between San Francisco and Richmond. Reference is hereby made to that decision for the manner in which such business and the terminals between which such business, may be conducted.

Richmond-San Francisco Transportation Company intends to have constructed for it by the Bethlehem Shipbuilding Corporation,

Ltd- Union Plant, San Francisco, a steel double-ended screw auto ferry boat having the following dimensions :-

Length over all	246'-0"
Length of steel hull	243'-0"
Breadth over guards	63'-6"
Breadth of steel hull	44'-10"
Depth at side	19'-2 1/2"

More detailed particulars of the boat appear in applicant's Exhibit No. 3. The cost of the boat is, in applicant's Exhibit No. 2, reported at \$503,000.00. This does not include carpets, curtains, musical instruments, bedding, safes, cooking and baking utensils and steward's outfit. It does, however, include the cost of installing the items just mentioned.

Applicant will have to build its terminal facilities in Richmond. The cost of such facilities is estimated in applicant's Exhibit No. 1 at \$49,869.00 and consists of the following :-

Dredging 8200 yds. @ .50¢	\$ 4,100.00
Creosoted Piles, 473- 60' @ .80¢	22,704.00
Green Piles, 10- 40' @ .20¢	80.00
Driving Piles, 483 @ \$9.00	4,347.00
Timber, 110.332 M.B.M. @ \$34.00	3,751.00
Framing, 110.332 M.B.M. @ \$26.00	2,869.00
Drifts, bolts, etc. 8100# @ .08¢	648.00
Apron, lifting gear	2,000.00
Building	1,300.00
Total Net Cost	<u>\$41,799.00</u>
Profit . 15%	6,270.00
	<u>\$48,069.00</u>
Engineering	1,800.00
	<u>\$49,869.00</u>

In addition to the foregoing terminal expenses, applicant estimates that it will have to expend approximately \$10,000.00 for a platform scale and other improvements. For advertising, road signs and information to the public, applicant intends to expend \$5,000.00. For working capital it asks for an allowance of \$31,250.00

It is of record that applicant will conduct its business on a cash basis. We see no need for a working capital of \$31,250.00 to be provided for through the issue of stock. There are, however, certain supplies for the boat which must be acquired by applicant and

which are not covered by the contract price of the boat. We think that the \$31,250.00 should be used to purchase such supplies and provide applicant with working capital. To summarize; the cost of establishing applicant's business with one boat in operation is reported as follows :-

Contract price for boat	\$ 503,000.00
Estimated cost of slip, etc.	49,869.00
Platform scale, buildings, etc.	10,000.00
Advertising	5,000.00
Supplies for boat mentioned above and working capital	31,250.00
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	509,119.00
	599,119.00

H.C.M.

The builder of the boat asks that one half of the contract price be paid on or before the delivery of the boat. The remaining half is payable during a period of 18 months after the delivery of the boat in approximately 18 monthly installments with interest at the rate of six per cent per annum. The builder will have a lien on the boat until he has received full payment for such boat.

It is of record that the stock of the Richmond-San Francisco Transportation Company, a California corporation, will be sold to the Richmond and San Francisco Transportation Company, a Delaware corporation. The Public Utilities Act prohibits the Delaware corporation from transacting public utility business in this state, or own any license, permit or franchise to own, control, operate or manage any public utility business in this state. The stock of the Delaware corporation is being sold under a permit obtained from the Commissioner of Corporations. Regardless of how much stock of the Delaware corporation may be sold, the affairs of such corporation under its present form of capitalization will be under the control of A. E. Draughon and his associates. Inasmuch as all of the stock of the California corporation, except shares necessary to qualify directors, will be owned by the Delaware corporation, A. E. Draughon and his associates will control the California corporation.

Applicant asks permission to issue and sell \$425,000.00 par value of its common capital stock and sell the same at par for the sum of \$425,000.00. It requests permission to use 15 per cent of the proceeds realized from the sale of the stock to pay commissions and other costs in connection with the sale of the stock. The remainder of the proceeds it intends to use to pay in part for the acquisition and construction of its boat, terminal and other properties. There was no satisfactory showing made that it is necessary for applicant to expend 15 per cent of the proceeds realized from the sale of its stock to pay commissions and costs of selling such stock. The fact that the Commission may in some other proceeding have authorized the expenditure of such an amount is not sufficient cause for allowing a similar amount in this case. Each case is determined on its own particular set of facts and circumstances.

Applicant in its Exhibit No. 5 estimates its operating revenues and expenses as follows :-

Revenues	
Automobiles	\$ 133,170.00
Passengers - Automobiles	79,902.00
" - Foot	35,512.00
Trucks	13,317.00
Freight in Tons	26,634.00
Total Operating Revenue	\$ 288,535.00
Less Operating Expenses	194,437.00
Net Operating Revenue	\$ 94,098.00

The Commission has made no estimate of applicant's operating revenues and expenses.

The granting of this application is opposed by the Ellis Landing and Dock Company and the San Francisco-Richmond Ferry Company. Neither of these companies are now engaged in the ferry business. Counsel for these companies requested time to file a brief. The request was granted but no brief has been filed. The objections raised at the hearing have been considered. None of them seem to us to afford sufficient ground for the denying of this application.

I herewith submit the following form of order :-

ORDER

RICHMOND-SAN FRANCISCO TRANSPORTATION COMPANY, having applied to the Railroad Commission for permission to issue \$425,000.00 of common stock, 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 through the issue and sale of stock, is reasonably required by applicant and that this application should be granted as herein provided, therefore

IT IS HEREBY ORDERED that the RICHMOND-SAN FRANCISCO TRANSPORTATION COMPANY BE, and it is hereby, authorized to issue and sell for cash at not less than par \$425,000.00 par value of its common capital stock. The proceeds shall be used for the following purposes :-

(1)	To pay part of the cost of boat, or evidence of indebtedness executed to acquire the boat, referred to in this application	\$328,881.00
(2)	To construct slip and appurtenances (Applicant's Exhibit #1) not exceeding	49,869.00
(3)	To acquire platform scale and construct building not to exceed	10,000.00
(4)	To purchase supplies for boat which owners must provide (Exhibit #3) and provide working capital, not exceeding	36,250.00
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		\$425,000.00

Any proceeds not necessary for any of the foregoing purposes may be expended by applicant only for such purposes as the Commission may hereafter authorize.

IT IS HEREBY FURTHER ORDERED that the RICHMOND-SAN FRANCISCO TRANSPORTATION COMPANY be, and it is hereby, authorized to execute a contract for the construction of the boat described in this application, the terms of such contract to be substantially the same as reported to the Commission in this proceeding.

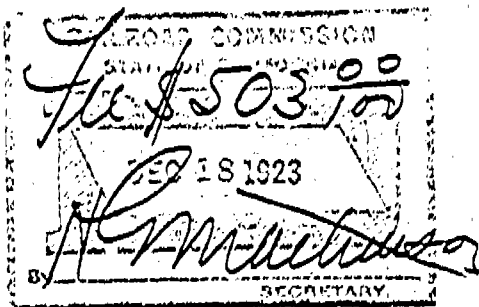
The authority herein granted is subject to further condi-

tions as follows :-

1. Applicant shall file with the Commission a copy of the contract herein authorized to be executed, such copy to be filed as soon as the contract is executed.
2. Applicant shall file with the Railroad Commission reports required by the Commission's General Order Number 24, which order in so far as applicable is made a part of this order. In addition to the information required to be filed by the Commission's General Order Number 24, applicant shall file with the Commission a statement showing the address of each and every person buying stock, the issue of which is authorized by this order.
3. The authority herein granted will become effective when applicant has paid the fee prescribed by Section 57 of the Public Utilities Act, which fee is \$503.00. The authority will expire October 1, 1924.

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 11th day of December, 1923.



C. Seavey
H. B. ...
James Martin

J. T. Whittier
Commissioners.