

Decision No. ¹³¹⁰⁰~~14000~~.

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA.

ORIGINAL

In the Matter of the Application of)
WILMINGTON TRANSPORTATION COMPANY)
for an order authorizing the issue) Application Number 9685.
of stock.)

Gibson, Dunn and Crutcher,
by S. M. Haskins, for Applicant.

BY THE COMMISSION:

O P I N I O N

In this application Wilmington Transportation Company asks permission to issue and sell at par for cash \$1,332,500.00 of its common capital stock for the purpose of paying outstanding indebtedness and of financing the cost of additions, betterments and improvements.

Wilmington Transportation Company is engaged primarily in the business of transporting passengers and freight by water between Los Angeles Harbor and Santa Catalina Island. For the year ending December 31, 1922 it reports operating revenues of \$939,088.11, operating expenses of \$774,153.73, interest deductions of \$17,500.00 and net corporate income of \$147,424.38. For the 11 months ending November 30, 1923 it reports operating revenues of \$1,078,329.91, operating expenses of \$773,295.04, interest deductions of \$5,777.78 and net corporate income of \$299,257.09.

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As of November 30, 1923 the company reports assets and liabilities as follows:-

ASSETS

Fixed capital	\$1,703,405.43
Inventories	4,792.97
Cash	4,864.93
Notes receivable	12,318.18
Accounts receivable	132,506.05
Deferred assets	54,876.73
Other suspense	54,270.00
TOTAL ASSETS	<u>\$1,967,034.29</u>

LIABILITIES

Capital stock	\$ 667,500.00
Notes payable	200,000.00
Accounts payable	27,159.05
Deferred liabilities	5,762.54
Reserves	420,173.21
Surplus	646,439.49
TOTAL LIABILITIES	<u>\$1,967,034.29</u>

The company has an authorized capital stock of \$2,000,000.; of which, as shown by the foregoing statement, \$667,500.00 is outstanding. It is now proposed to issue and sell the remaining authorized but unissued stock, amounting to \$1,332,500.00 at par for cash and to use the proceeds for the following purposes:-

To pay for new passenger boat	\$ 775,000.00
To equip and complete new passenger boat	42,500.00
To pay for two new towboats	150,000.00
To pay for new pleasure boat	40,000.00
To pay for new boilers for "Avalon"	125,000.00
To pay indebtedness	200,000.00
TOTAL	<u>\$1,332,500.00</u>

The company reports that it is necessary to acquire additional property to provide for the increase in its business and to enable it to give adequate transportation service. The record shows that applicant has entered into an agreement with Los Angeles Ship-

building and Drydock Corporation, which corporation, at a cost of \$775,000.00, has agreed to construct a steel twin screw passenger steamer, approximately 300 ft. in length over all, 52 ft. moulded breadth, 21 ft. moulded depth and complete with all propelling machinery, auxiliaries and equipment. In addition, applicant reports that it will be required to expend approximately \$42,500.00 to equip the new steamer with nautical apparatus, furniture and fixtures, tools and other equipment. The two new towboats to be constructed at a total cost of \$150,000.00 will be 79.8 ft. in length, 17 ft. in breadth, 9.8 ft. in depth and equipped with full Diesel engines. The new pleasure boat to be built for \$40,000.00 will be used locally at Santa Catalina Island. The indebtedness to be paid consists of two notes of the face amount of \$100,000.00 each; one dated April 5, 1923 and due four months after date without interest, and the other dated April 25, 1923 and due six months after date without interest. It appears that both notes represent moneys borrowed from Wm. Wrigley, Jr., to pay the cost of acquiring two towboats and four barges.

The company asks permission to use \$125,000.00 of the proceeds from the sale of the stock to pay in part the cost of acquiring and installing two new boilers on the steamer "Avalon". At the time of filing the application the company reported that the \$125,000.00 represented the estimated cost of the new boilers installed, less the salvage values of the old boilers to be replaced. At the hearing, however, the testimony shows that the final cost of the new boilers actually amounted to approximately \$156,000.00. The order herein will require applicant to file a copy of all journal entries by which the capital and other accounts are adjusted because of the replacement of the boilers.

Inasmuch as the testimony herein indicates that the moneys represented by applicant's reserve for accrued depreciation account have been invested in properties, we believe that the company properly may use the proceeds from the sale of its stock to reimburse

such reserve. After such reimbursement, such moneys, of course, must be used to make replacements, or in any event kept in the business.

ORDER

Wilmington Transportation Company, having applied to the Railroad Commission for permission to issue and sell \$1,332,500.00 of stock, a public hearing having been held before Examiner Williams in Los Angeles and the Railroad 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 by applicant for the purposes indicated herein,

IT IS HEREBY ORDERED that Wilmington Transportation Company be, and it is hereby, authorized to issue and sell at par for cash \$1,332,500.00 of its capital stock and to use the proceeds for the purpose of paying indebtedness and of financing the cost of additions, betterments and improvements, as indicated in the foregoing opinion.

The authority herein granted is subject to further conditions as follows:-

1. --- Wilmington Transportation Company shall keep such record of the issue, sale and delivery of the stock herein authorized and of the disposition of the proceeds as will enable it to file on or before the 25th day of each month a verified report, as required by the Railroad Commission's General Order No. 24, which order in so far as applicable, is made a part of this order.

2. --- Wilmington Transportation Company shall within sixty days from the date hereof, file a copy of all journal entries by which its capital and other accounts are adjusted, because of the replacement of the boilers. in the steamer "Avalon."

3. --- The authority herein granted to issue stock will become effective upon the date herein but will expire on June 30, 1924.

DATED at San Francisco, California this 1st day of February, 1924.

Chasey
H. B. ...
Dwight Martin

Commissioners.

DECISION No. 13100 CASE No. _____ APP. No. 4685

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C. Sweeney
H. B. Brundage
Dwight Martin

Commissioners.