

Decision No. 14876

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

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In the matter of the application of )  
 STAR AND CRESCENT BOAT COMPANY, )  
 a California corporation, for permis- )  
 sion to sell certain of its assets. ) Application No. 10912.

In the matter of the application of )  
 STAR AND CRESCENT BOAT CO. )  
 for certificate of public convenience )  
 and necessity to operate motor launches )  
 for the transportation of persons for )  
 compensation, between points upon )  
 the inland waters of the State of )  
 California. ) Application No. 10976.

**ORIGINAL**

Ralph E. Jenney, for applicants.

SEGRE, Commissioner:

O P I N I O N

In the above entitled applications, as amended at the hearing, the Railroad Commission is asked to make an order authorizing the sale of public utility properties, the issue of stock and declaring that public convenience and necessity require the Star and Crescent Boat Company to operate vessels for the transportation of freight and passengers between points on San Diego Harbor, more particularly referred to hereafter.

The Star and Crescent Boat Company, hereinafter sometimes referred to as the old company, was organized in 1914 under the name of the Crescent Boat Company. In 1916 the corporation name was changed by order of the Superior Court in and for the County of San Diego to Star and Crescent Boat Company. The original authorized capital stock of the corporation was \$75,000. divided

into 75,000 shares of the par value of one dollar each. In 1920 the authorized capital stock of the corporation was increased to \$175,000. divided into 175,000 shares of the par value of one dollar each. Subsequently \$30,000. of stock was issued as a stock dividend, with the result that there is now outstanding \$105,000. of stock. The issue of the \$30,000. of stock was authorized by the Commissioner of Corporations, but not by the Railroad Commission. Authority to issue such stock is now requested. Of the \$105,000. of stock outstanding, O. J. Hall owns 52,497.2 shares, Ralph H. Chandler owns 52,497.2 and George Burnham 5.6 shares.

The Star and Crescent Boat Company has been, and is now, conducting three distinct classes of business. Under the fictitious name and style of the Star and Crescent Oil Company it has been and is now distributing petroleum products of the Associated Oil Company in San Diego County. Under the fictitious name and style of San Diego Marine Construction Company it has been, and is now building and repairing boats and marine machinery and equipment. Under its own name, to wit, Star and Crescent Boat Company, it has been, and is now operating a general launch business on San Diego Bay, which includes the carrying of passengers in shore boats back and forth from wharf to ship and from ship to ship. It does some towing. It also operates a ferry line from its wharf at the foot of Broadway to the Government wharf at North Island, which is the United States Naval Air Station.

The Star and Crescent Boat Company now intends to change its name, if permitted by the Superior Court in and for San Diego County, to Star and Crescent Oil Company. It has caused to be organized under the laws of the State of California a new corporation to be known as the Star and Crescent Boat Co. and <sup>transfer</sup> proposes to/to such new company the property described in Exhibit "F" filed in application No. 10912. The new company asks permission to issue \$68,000. of

its common capital stock in payment for such properties. It is the plan of the old company when it receives such stock to distribute the same to its stockholders, with the result that the stock of the new company will be owned by stockholders of the old company, in the same proportion that they own stock in such old company.

Star and Crescent Boat Co., the new company, has an authorized stock issue of \$100,000. divided into 1,000 shares of the par value of \$100. each. The properties which it intends to acquire are described in said Exhibit "H", and consist of six launches, eleven speed boats, two skiffs, landing floats, lighters, piers and pavilions, a Maxwell roadster, furniture and fixtures, stationery, prepaid rent and insurance, cash in the amount of \$1,000. and a franchise. The depreciated value of the assets to be acquired by the new company is reported at \$68,973.29, while the liabilities to be assumed by it are reported at \$952.66, leaving a net valuation of the assets of \$68,010.63. To acquire these properties, the new company asks permission, as stated above, to issue \$68,000. of its common stock. The valuation of \$68,973.29 includes \$5,000. as the value of the franchise to be acquired by the new company. Applicants' representatives were unable to advise the Commission of the amount actually paid to the grantor of the franchise. The evidence submitted does not warrant the Commission to authorize the company to issue any stock to acquire such franchise. The order herein will permit the issue of \$63,000. of stock, in full payment for the properties described in Exhibit "H" filed in application No. 10912.

The Commission is asked to authorize the Star and Crescent Boat Company, the old company, to sell the properties described in Exhibit "H" to the new company and to permit the old company to distribute to its stockholders the stock which it will receive in payment for the properties. Both of these transactions may be consummated without an order from the Commission, and therefore the request of

the old company to sell the properties and to distribute stock will be dismissed without prejudice.

In application No. 10976 Star and Crescent Boat Co. asks permission to operate motor launches for the transportation of persons for compensation between North Island and San Diego via direct line, serving the following points or landings: Rockwell Field, Naval Air Station, and San Diego. Applicant proposes to give approximately an hourly service between San Diego and the Naval Air Station, from 6:30 a.m. to midnight, and make approximately three trips a day between San Diego and Rockwell Field. The service between the latter two points would be varied at the request of Government authorities, such service being largely for government personnel occupied at Rockwell Field. The service proposed by the new company is the same as that now given by the old company.

At the hearing had on the above entitled applications, it developed that the old company is conducting a freight business between points located in San Diego Harbor and between boats in the harbor and between wharves and docks in the harbor. It is the intention that this freight business shall be conducted by the new company, although no mention of such business is made in application No. 10976. At the hearing the new company asked permission to amend such application to cover freight business as well as passenger business. In view of the provision of Section 50(d) I do not believe that the Commission in this proceeding, on the basis of the present record, can authorize the Star and Crescent Boat Co. to conduct a freight business in San Diego Harbor. No notice has been given of the filing of an application with the Commission for permission to conduct such business. While a notice of the hearing in application No. 10976 was published, such notice on its face showed that the company was asking permission to operate motor launches for the transportation of persons. Neither in such notice or in the application itself was any mention made of

the transportation of freight. I am of the opinion that if the Star and Crescent Boat Co. intends to conduct a freight business coming within the provisions of the Public Utilities Act, it should file with the Commission a formal application for permission to conduct such a business.

I herewith submit the following form of order:

### O R D E R

The Star and Crescent Boat Co. having applied to the Railroad Commission for permission to issue stock, to acquire properties and to operate motor launches for the transportation of persons for compensation, 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 the issue of the stock herein authorized is reasonably required by applicant, and that the above entitled applications should be granted as herein provided; therefore,

THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA HEREBY FINDS AND DECLARES that present and future public convenience and necessity require the operation by the Star and Crescent Boat Co. of motor launches for the transportation of persons for compensation between the points mentioned in application No. 10975, provided the rates to be charged for such service are the same as the rates set forth in Exhibit "B", filed in application No. 10975.

IT IS HEREBY ORDERED that the Star and Crescent Boat Co. be, and it is hereby, authorized to issue \$63,000. of its common capital stock in full payment for the properties described in Exhibit "E", filed in application No. 10912.

IT IS HEREBY FURTHER ORDERED that the Star and Crescent Boat Company (the old company) be, and it is hereby, authorized to issue \$30,000. of its common capital stock to reimburse its

treasury because of income expended for the acquisition of properties.

IT IS HEREBY FURTHER ORDERED that application No. 10912, insofar as it relates to the sale of properties by the Star and Crescent Boat Company, (the old company) and the distribution of stock of Star and Crescent Boat Co. by such company be denied without prejudice.

IT IS HEREBY FURTHER ORDERED that the request of Star and Crescent Boat Co. for permission to issue \$5,000. of stock and conduct a freight service be denied without prejudice for the reasons set forth in the preceding opinion.

The authority herein granted is subject to the following conditions:

1. The Star and Crescent Boat Co. shall file within a period of not to exceed 30 days from the date hereof its formal acceptance of the certificate herein granted.
2. The Star and Crescent Boat Co. and the Star and Crescent Boat Company shall keep such record of the issue and delivery of the stock herein authorized as will enable them 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 insofar as applicable is made a part of this order.
3. Under the authority herein granted, Star and Crescent Boat Co. shall commence service within 90 days after the date hereof. No stock may be issued or delivered after 90 days after the date of this order.

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 1st day of

*J. May*  
1925.

Chas. L. Seaver  
Egerton Shaw  
George D. Squires  
Francis Wood

Commissioners.