

Decision No. 16004

ORIGINAL

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of)
 THE HARBOR TUG AND BARGE COMPANY,)
 a corporation, for authority to)
 issue stock and application for)
 certificate of public convenience)
 and necessity.)

Application No. 12461

George E. Crothers and
 Brobeck, Phleger & Harrison,
 by C. A. Harrison, for applicant.

BY THE COMMISSION:

O P I N I O N

In this application The Harbor Tug and Barge Company, a California corporation, has applied to the Railroad Commission for an order authorizing it to issue \$600,000. of stock, divided into \$500,000. of preferred and \$100,000. of common, and declaring that present and future public convenience and necessity require and will require the operation by applicant of a general launch, barge and towboat business, including the launch, barge and towboat business now owned and operated by American Dredging Company and Henry C. Peterson, Inc., upon the inland waters of this state.

On June 30, 1925, American Dredging Company and Henry C. Peterson, Inc. entered into an agreement to consolidate their

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launch, barge and towboat businesses by organizing a new corporation, (the applicant herein) and transferring to it certain property described in the agreement and referred to herein. It was agreed that American Dredging Company, in exchange for its property would receive \$275,000. of the seven percent cumulative preferred stock and \$55,000. of the common stock of the new corporation and that Henry C. Peterson, Inc. for its properties, would receive \$225,000. of the preferred stock and \$45,000. of the common stock, making a total proposed issue for the new corporation of \$500,000. of preferred and \$100,000. of common stock.

Pursuant to this agreement it appears that applicant was organized under the laws of the State of California on or about January 7, 1926, for the purpose of acquiring and operating the business and properties owned and operated by American Dredging Company under the firm name and style of Oakland Launch and Tugboat Company, and Henry C. Peterson, Inc. The application shows that the company, in the general course of business, will hold itself out to engage in the same class of operation now performed by the two companies, namely:-

1. A general towage business consisting in towing:
 - a. Ships, barges and craft of all description between points within the State of California and elsewhere;
 - b. Ocean-going steamships engaged in interstate and foreign commerce to and from docks, wharves, dry docks and points of destination on the arrival of said steamships to and their departure from San Francisco and between points in and about the Bay of San Francisco.

2. The rendition of salvage service of every description;
3. The chartering or rental of launches, barges, towboats and other craft to others;
4. The transportation of goods on barges owned by petitioner and towed by petitioner's tugs,
 - a. Between points on the Pacific Coast involving in some cases, voyages beyond the three-mile limit and over foreign waters;
 - b. From steamships engaged in interstate and foreign commerce, from ships' tackle to bay points and elsewhere, on bills of lading to destinations reached by petitioner;
 - c. From bay points engaged in interstate and foreign commerce when the company's shipments will initiate transportation to other states or abroad.
 - d. Between points within the State of California.
5. The transportation of passengers to and from ships departing for points abroad and other states, including both passengers thereof and the crews thereof; also the transportation of passengers in coastwise traffic involving voyages on the high seas and beyond the three-mile limit and also between points within this state, but upon no regular route in any case, and only upon special request and by special contract.
6. The transportation of crews of vessels of war of the United States and of other countries and other ships and vessels of the United States Navy and other departments of the government of the United States between such war and other vessels and the shore and, in general, in transportation of property of the government of the United States.
7. The coaling and fueling of ships, particularly those engaged in interstate and foreign commerce and in coaling and fueling vessels of war and other vessels of the United States Government.

The record shows that applicant proposes to operate under the same schedules of rates now charged by American Dredging Company, (Oakland Launch and Tugboat Company) and Henry C. Peterson, Inc.

Applicant reports that all of the equipment now owned by Henry C. Peterson, Inc. and American Dredging Company in connection with their launch and towboat business is in demand and that

public convenience and necessity require that all of said equipment and all of the craft owned and operated at present by said consolidating companies should continue to be maintained and operated upon said San Francisco Bay and it desires that the Commission shall, if the same be required by law and to the extent that the law requires the same, issue a certificate declaring that present and future public convenience and necessity require and will require the operation between points exclusively on the inland waters of the State of California of all of the tugs, barges, launches and other craft of said Henry C. Peterson, Inc. and said American Dredging Company upon San Francisco Bay proposed to be transferred to it pursuant to the agreement of consolidation and described in the petition, and any other craft acquired hereafter by it for use in its said launch and towboat business, and the maintenance, operation and development of the present existing launch and towboat businesses of said Henry C. Peterson, Inc. and said American Dredging Company under the ownership, control and management of applicant; that there is a large and growing demand for the operation of all said craft and the said launch and towboat businesses of said consolidating companies requiring not only the operation of said craft and said businesses by applicant, but the development and enlargement of said business by the construction and acquisition of other equipment, and that applicant should be, so far as the same may be required by law, authorized to maintain and operate between any points within the State of California and all of the navigable waters of the United States located within the boundaries of the State of California, a general launch, tug and towboat business, including all of the operations and services of the nature hereinbefore described.

We find that public convenience and necessity require and will require The Harbor Tug and Barge Company to own, manage, operate and maintain upon San Francisco Bay and in the navigable waters of the United States contiguous thereto a general launch, barge, tug and towboat business, said business insofar as under the jurisdiction of the Railroad Commission, however, to be limited to and between such points as are mentioned in tariffs of said Henry C. Peterson, Inc. and American Dredging Company (Oakland Launch and Tugboat Company).

Applicant will acquire from American Dredging Company thirteen launches and ten barges and from Henry C. Peterson, Inc. thirteen launches and seventeen barges, together with moorings and gear, machine shop, tools, furniture and fixtures and miscellaneous equipment. The properties were appraised by Pillsbury and Curtis, Marine Surveyors and Consulting Engineers, who have estimated the present value as of June 1, 1925 at \$447,075. In addition thereto the testimony shows that since June 1, 1925, there has been \$12,000. spent for improvements and \$25,000. for new equipment consisting of one barge, three diesel engines and one tug. In addition there has been incurred in connection with the purchase of this equipment the sum of \$40,000. which is being paid out of earnings. Adding these three amounts to the \$447,075. results in a total of \$524,075. for the properties, exclusive of any allowance for overhead, organization, incorporation or other expenses.

Upon the record herein we are of the opinion that the request of The Harbor Tug and Barge Company for a certificate of public convenience and necessity should be granted as herein

provided and that the company should be permitted to issue its stock in the amounts and for the purposes indicated herein.

An order will be entered accordingly.

ORDER

The Harbor Tug and Barge Company having applied to the Railroad Commission for a certificate of public convenience and necessity and for an order authorizing the issue of stock, a public hearing having been held before Examiner Geary and the Railroad Commission being of the opinion that the application should be granted as herein provided and that the money, property or labor to be procured or paid for by the issue of such stock is reasonably required for the purposes specified herein,

THE RAILROAD COMMISSION HEREBY DECLARES that present and future public convenience and necessity require and will require The Harbor Tug and Barge Company to own, manage, operate and maintain a general launch, barge, tug and towboat business upon San Francisco Bay and in the navigable waters of the United States contiguous thereto, said business, insofar as under the jurisdiction of the Railroad Commission however, to be limited to and between such points as are now mentioned in the tariffs of said Henry C. Peterson, Inc. and American Dredging Company (Oakland Launch and Tugboat Company).

IT IS HEREBY ORDERED that The Harbor Tug and Barge Company be, and it is hereby, authorized to issue \$100,000. of its

for the purpose of fixing rates or for any purpose other than this transfer.

3. The Harbor Tug and Barge Company shall keep such record of the issue and delivery of the stock as will enable it to file within thirty (30) days after such issue and delivery 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.
4. The authority herein granted shall become effective upon the date hereof.

DATED at San Francisco, California, this 15th day of February, 1926.

H. B. ...
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Commissioners.