

LEM

Decision No. 19315.

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of  
OUTER HARBOR DOCK AND WHARF COMPANY,  
a California corporation, and Outer  
Harbor Terminal Railway Company, a  
California corporation, for an order  
authorizing the sale and lease of  
public utility property by Outer Har-  
bor Dock and Wharf Company to Outer  
Harbor Terminal Railway Company,

**ORIGINAL**

Application No. 14350.

Paul M. Gregg and Jerry H. Powell,  
for applicants.

BY THE COMMISSION:

O P I N I O N

This is an application for an order authorizing Outer Harbor Dock and Wharf Company to sell certain railroad properties and to lease certain rights of way used in connection with such properties, to Outer Harbor Terminal Railway Company, and authorizing Outer Harbor Terminal Railway Company to issue, in consideration, \$130,000.00 of its capital stock.

Outer Harbor Dock and Wharf Company is engaged in the business of supplying warehouse, wharf, terminal and other services and facilities at Los Angeles Harbor, owning and operating, among other things, certain railroad properties used for switching purposes. Operations are conducted on properties held under two leases; one from the City of San Pedro terminating in 1956; and the other from the City of Los Angeles terminating in 1952.

It is reported that because of the railroad operations, Outer Harbor Dock and Wharf Company is subject to the Interstate Commerce Commission, and that as these operations constitute only about five percent of its total business, it is deemed advisable to separate the railroad and switching operations from the remainder of the business and to have such operations performed by a corporation expressly organized for that purpose, thereby removing the present owner from the jurisdiction of the Interstate Commerce Commission. To this end it appears that Outer Harbor Dock and Wharf Company has caused the incorporation, on or about July 9, 1927, of Outer Harbor Terminal Railway Company, and to it proposes to transfer the railroad properties and business in exchange for \$130,000.00 of stock. The present application shows that the Interstate Commerce Commission by its order dated December 23, 1927, permitted the new corporation to acquire and operate the line of railway and to issue the \$130,000.00 of stock.

The properties involved in the transaction consist of 6.33 miles of switching tracks, including rails, ties, track material and ballast, with all switching equipment, and operating equipment consisting of two locomotives, four flat freight cars and one oil car. The right-of-way on which the tracks are located is to be leased to Outer Harbor Terminal Railway Company for terms co-extensive with the leaseholds, terminating 1952 and 1956, under which Outer Harbor Dock and Wharf Company now conducts its operations. As annual rental, the railway company will pay two cents a square foot upon 526,000 square feet, or \$10,520.00, payable for the period commencing January 1, 1928 and ending April 3, 1932. In addition, the dock and wharf company has assigned to the railway company the right to operate over 100 feet of track owned by the City of Los Angeles, and it appears that the city has consented to the assignment. A copy of the agreement between the two applicant corporations for the sale and lease of properties and rights-of-way is filed with the application as Exhibit "C".

The application indicates that as of December 31, 1926, the original cost of the properties to be transferred was estimated at \$139,533.05, the cost of reproduction new at \$180,898.67 and the cost of reproduction new less depreciation at \$128,083.33. The order herein will authorize the issue of the \$130,000.00 of stock in payment for the properties, but such authority is not to be construed as a finding of value of the properties.

O R D E R

Application having been made to the Railroad Commission for an order authorizing the lease and transfer of property and the issue of stock, and the Railroad Commission being of the opinion that this is a matter in which a public hearing is not necessary and that the application should be granted, as herein provided, and that the money, property or labor to be procured or paid for through such issue is reasonably required for the purpose specified herein and that the expenditure for such purpose is not in whole or in part reasonably chargeable to operating expense or to income,

IT IS HEREBY ORDERED that Outer Harbor Dock and Wharf Company be, and it hereby is, authorized to sell to Outer Harbor Terminal Railway Company the railway properties referred to in this application, and to lease to Outer Harbor Terminal Railway Company the rights-of-way described in Exhibit "B", attached to the petition, herein, such sale and lease to be in accordance with the terms and conditions of the agreement (Exhibit "C") dated August 29, 1927, by and between the two companies.

IT IS HEREBY FURTHER ORDERED that Outer Harbor Terminal Railway Company be, and it hereby is, authorized to issue \$130,000. of its capital stock in payment for the properties herein authorized to be transferred.

The authority herein granted is subject to the following conditions;-

1. The amount of stock herein authorized to be transferred shall not be urged before this Commission or other public body having jurisdiction as a measure of value of the properties herein authorized to be transferred for the purpose of fixing rates, or for any purpose other than this transfer.
2. Outer Harbor Terminal Railway Company shall keep such record of the issue of the stock herein authorized as will enable it to file, within thirty days after such issue, 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. The authority herein granted shall become effective ten days after the date hereof.

*February*  
~~January~~, 1928.

DATEE at San Francisco, California, this 6<sup>th</sup> day of

Leon Whiteley  
C. Seamy  
Emmert  
Thos. J. Loutin  
M. J. Cur  
Commissioners.