

LRA

Decision No. 19547

ORIGINAL

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of)
RIO VISTA LIGHTERAGE COMPANY,)
a co-partnership, and Rio Vista)
Lighterage Company, Inc., a corp-)
oration, for permission to transfer)
the whole of the property of Rio)
Vista Lighterage Company, a co-)
partnership, to Rio Vista Lighter-)
age Company, Inc., a corporation,)
in exchange for the entire capital)
stock of Rio Vista Lighterage)
Company, Inc., a corporation, and)
to execute chattel mortgage.)

Application No. 14454.

Kenneth I. Jones, for applicants.

BY THE COMMISSION:

OPINION

In this application John Barr, Frank Rossi, Minnie Christensen and K. I. Jones, copartners doing business under the firm name and style of Rio Vista Lighterage Company, ask permission to transfer their operative rights and properties, subject to outstanding indebtedness, to Rio Vista Lighterage Company, Inc., a corporation.

Rio Vista Lighterage Company, Inc. asks permission to issue \$100,000.00 of stock in part payment for such rights and properties and to execute a chattel mortgage on all its equipment to secure the payment of a promissory note in the principal amount of \$25,000.00, payable one year after date with interest at the rate of six percent per annum, for the purpose of paying part of the liabilities to be assumed in acquiring the rights and properties of the copartnership.

It appears that the copartnership is engaged in the business of towing and of transporting freight by vessels on the inland waters of the state. The tariffs heretofore filed with the Commission quote rates between Stockton, Sacramento, San Francisco and intermediate points, and landings on the San Joaquin River below Streckers, the Mokelumne, Old, Middle and Sacramento Rivers and tributaries below Sacramento and also between San Francisco, Sacramento, Stockton, Port Costa, Vallejo and Petaluma and upper Sacramento River points.

The assets and liabilities of the copartnership, as of December 31, 1927, are reported as follows:-

Assets and Other Debit Balances:

Property and equipment	\$127,877.40
Cash	2,062.15
Notes receivable	160.00
Accounts receivable	18,699.11
Materials and supplies	1,055.00
Prepayments	5,411.18
Other debit accounts	5,320.00
Total	<u>\$160,584.84</u>

Liabilities and Other Credit Balances:

Notes payable	\$24,737.98
Accounts payable	32,704.21
Accruals	190.19
Advances to partners	1,074.70
Total Liabilities	<u>\$58,707.08</u>
Reserve for depreciation	29,389.03
Proprietorship	72,488.75
Total	<u>\$160,584.84</u>

It is reported that the members of the copartnership have concluded that the business can be operated better by a corporation and for that reason have caused the organization, on or about December 31, 1927, of Rio Vista Lighterage Company, Inc., one of the applicants herein, for the express purpose of having it take over their properties and business, including current assets and other debit balances, and thereafter of conducting the operations.

In consideration, it is proposed that the corporation assume the payment of the liabilities and in addition issue to the copartners \$100,000.00 of its capital stock.

In Exhibit "A", the first costs and present values, after deducting estimated depreciation, of the line equipment, which constitutes substantially all of the property and equipment, are reported as follows:-

<u>Vessel</u>	<u>First Cost</u>	<u>Present Values</u>
Tow boats:- R.V.L.No. 1	\$20,600.	\$17,500.
R.V.L.No. 2	20,000.	20,000.
Amalgamated Sugar No. 1	10,000.	6,000.
Amalgamated Sugar No. 2	11,705.	7,000.
R.V.L.No. 5	1,800.	1,000.
Freight boats:- Swastika (new)	27,500.	27,500.
Barges:- No. 1	8,500.	5,000.
No. 3	12,000.	6,000.
No. 4	7,500.	4,000.
No. 5 (Rebuilt)	6,000.	5,000.
Totals	<u>\$125,605.</u>	<u>\$99,000.</u>

The records of the Commission show that the Swastika formerly was operated by Dealers Transportation Company, a corporation, which, by Decision No. 19388, dated February 20, 1928, in Application No. 14275, was authorized to transfer it for \$27,500.00, to C. F. Christensen. This transfer, it now appears, was not completed and the Commission has been asked to modify Decision No. 19388 and to authorize the transfer of the Swastika for \$27,500.00 to Rio Vista Lighterage Company, Inc. Of the purchase price \$10,000.00 will be paid in cash and about \$5,000.00 through the assumption of outstanding indebtedness and the balance will be represented by an open account indebtedness of the corporation bearing interest at six percent. A supplemental order in Application No. 14275, granting this request accordingly will be made.

In reviewing this application it appears to us that we are asked to authorize the issue of \$100,000.00 of stock in payment for properties and assets in which, according to the foregoing

balance sheet, the net investment, after deducting estimated accrued depreciation and liabilities to be assumed by the purchaser, is reported at \$72,488.75. We do not believe that we are justified in authorizing the issue of stock in excess of this amount and accordingly the order herein will permit the issue of \$72,400.00 par value of stock.

The barges now owned and operated by the copartnership are encumbered with a chattel mortgage to Bank of Rio Vista securing the payment of a six percent note for \$15,000.00 due July 1, 1927. Upon acquiring the barges and other equipment of the copartnership the new corporation proposes to execute a mortgage to Bank of Rio Vista on all of the property to be acquired to secure the payment of a one year six percent note for \$25,000.00 and to use the moneys to be received on the note to discharge the \$15,000.00 now due Bank of Rio Vista under the present mortgage and to make the \$10,000.00 cash payment for the Swastika.

ORDER

Application having been made to the Railroad Commission for an order authorizing the transfer of properties, the execution of a mortgage and the issue of \$100,000.00 of stock, a public hearing having been held before Examiner Fankhauser and the Railroad Commission being of the opinion that the transfer of properties and the execution of the mortgage should be authorized and that the issue of \$72,400.00 of stock and a \$25,000.00 note is reasonably required for the purpose specified herein, which purpose is not in whole or in part reasonably chargeable to operating expense or to income and that the issue of \$27,600.00 of stock should be denied,

IT IS HEREBY ORDERED that John Barr, Frank Rossi, Minnie Christensen and K. I. Jones, copartners doing business under the firm name and style of Rio Vista Lighterage Company be, and they hereby are, authorized to transfer to Rio Vista Lighterage Company, Inc., a corporation, all of their operative rights, properties and assets, referred to in the foregoing opinion, subject to the outstanding liabilities of approximately \$59,000.00.

IT IS HEREBY FURTHER ORDERED that Rio Vista Lighterage Company, Inc., a corporation, be, and it hereby is, authorized in acquiring such operative rights, properties and assets, to assume the payment of the outstanding indebtedness of approximately \$59,000.00 and to issue not exceeding \$72,400.00 of its common capital stock.

IT IS HEREBY FURTHER ORDERED that Rio Vista Lighterage Company, Inc. be, and it hereby is, authorized to execute a chattel mortgage substantially in the same form as that filed in this proceeding as Exhibit "E", and to issue a one year six percent promissory note for \$25,000.00, secured thereby, for the purpose of discharging the \$15,000.00 note in favor of Bank of Rio Vista and of making the \$10,000.00 cash payment for the Swastika.

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

1. Applicants, John Barr, Frank Rossi, Minnie Christensen and K. I. Jones shall unite immediately with applicant, Rio Vista Lighterage Company, Inc., in common supplement to the tariffs on file with the Commission, applicants John Barr, Frank Rossi, Minnie Christensen and K. I. Jones on the one hand

withdrawing and applicant, Rio Vista Lighterage Company, Inc., on the other hand, accepting and establishing such tariffs and all effective supplemental thereto.

2. The consideration to be paid for the properties herein authorized to be transferred shall never be urged before this Commission or any other public body as a measure of value of said properties for any purpose other than this transfer.
3. Rio Vista Lighterage Company, Inc., shall keep such record of the issue of the stock and note herein authorized to be issued 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, insofar as applicable, is made a part of this order.
4. The authority herein granted will become effective when Rio Vista Lighterage Company, Inc. has paid the minimum fee prescribed by Section 57 of the Public Utilities Act, which fee is Twenty-five (\$25.00) Dollars.
5. The authority herein granted to execute a mortgage is for the purpose of this proceeding only, and is granted only insofar as this Commission has jurisdiction under the terms of the Public Utilities Act, and is not intended as an approval of said mortgage as to such other legal requirements to which said mortgage may be subject.

6. Rio Vista Lighterage Company, Inc. shall file a certified copy of the mortgage within thirty (30) days after its execution.

IT IS HEREBY FURTHER ORDERED that the application insofar as it involves the issue of \$27,600.00 of stock be, and it hereby is, denied without prejudice.

DATED at San Francisco, California, this 2nd day of ~~March~~ ^{April}, 1928.

Leon Whitell
Clarence
Emmitt
John D. ...
W. J. ...
Commissioners.

Fee \$35.00
RAILROAD COMMISSION
STATE OF CALIFORNIA
APR 26 1928
By A. P. ...
See No 25289