

Decision No. 20925

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of)
SOUTHERN PACIFIC GOLDEN GATE FERRIES, LTD.,)
for authority (1) to acquire operative)
rights and properties, (2) to acquire secu-)
rities of THE GOLDEN GATE FERRY COMPANY,)
MONTICELLO STEAMSHIP COMPANY and/or GOLDEN)
GATE SAN RAFAEL FERRY COMPANY, (3) to exe-)
cute a mortgage or trust indenture securing)
its bonds, (4) to issue stock and bonds;)
and also for a certificate or certificates)
of public convenience and necessity.)



SOUTHERN PACIFIC COMPANY, NORTHWESTERN)
PACIFIC RAILROAD COMPANY, CENTRAL PACIFIC)
RAILWAY COMPANY, SOUTH PACIFIC COAST RAIL-)
WAY COMPANY, THE GOLDEN GATE FERRY COMPANY,)
MONTICELLO STEAMSHIP COMPANY, and GOLDEN)
GATE SAN RAFAEL FERRY COMPANY, for)
authority (1) to transfer operating rights)
and properties to SOUTHERN PACIFIC GOLDEN)
GATE FERRIES, LTD., and (2) to discontinue)
certain public utility service to be taken)
over by SOUTHERN PACIFIC GOLDEN GATE)
FERRIES, LTD.)

Application No. 15428.

SOUTHERN PACIFIC COMPANY, for authority to)
lease certain properties to SOUTHERN)
PACIFIC GOLDEN GATE FERRIES, LTD.)

E. J. Foulds, Frank R. Devlin; and
McCutchen, Olney, Mannon & Greene, by Warren Olney, Jr.
and James D. Adams, for applicants;

Milton A. Nathan, for Joseph R. H. Jacoby, property
owner in Marin County and Mt. Tamalpais Woods
Corporation;

Walter H. Robinson, for Marvelous Marin, Inc.,
Mill Valley Chamber of Commerce and Tiburon Chamber
of Commerce, and residents of Belvedere and Tiburon;

Mrs. Elizabeth Gerberding, a property owner of Belvedere,
in propria persona;

A. H. Upton, a property owner of Marin County, in
propria persona.

BY THE COMMISSION:

O P I N I O N

In this proceeding the Railroad Commission is asked
to enter its order or orders;

1. Authorizing applicants, Southern Pacific Company, Northwestern Pacific Railroad Company, Central Pacific Railway Company, South Pacific Coast Railway Company, The Golden Gate Ferry Company, Monticello Steamship Company and Golden Gate San Rafael Ferry Company (1) to sell, transfer and convey to applicant Southern Pacific Golden Gate Ferries, Ltd., the ferries, operative rights, properties and equipment described in this application (Exhibits No. C-1 to C-7 inclusive); and (2) after such transfer to discontinue operation thereof.

2. Authorizing applicants Southern Pacific Company and South Pacific Coast Railway Company to lease to the applicant Southern Pacific Golden Gate Ferries, Ltd., the properties described in Exhibits 6, 7 and 8.

3. Authorizing applicant Southern Pacific Golden Gate Ferries, Ltd., to issue (a) nine shares of stock to qualify its directors; \$10,000,000.00 of first mortgage five and one half percent twenty-year bonds and 418,991 shares of common capital stock for the purpose of acquiring the properties described in this application; (b) to acquire and hold the stock of The Golden Gate Ferry Company, Monticello Steamship Company and Golden Gate San Rafael Ferry Company; (c) to execute a mortgage and/or trust indenture to secure the payment of an authorized bond issue of \$20,000,000.00; and (d) for such certificate of public convenience and necessity or other authority requisite to the acquisition and operation of each and all the ferries and properties described in the application, which are now being operated.

In brief, this application involves the transfer of The Golden Gate Ferry Company, the Monticello Steamship Company and the Golden Gate San Rafael Ferry Company properties and the properties of the Southern Pacific Company, Central Pacific Company, South Pacific Coast Railway Company and Northwestern Pacific Railroad Company, used by them exclusively in the vehicular ferry business on San Francisco Bay, to the

Southern Pacific Golden Gate Ferries, Ltd., and the refinancing of such properties.

The following tabulation shows the terminals between which the vendor companies are at present providing vehicular ferry service;-

Name of Companies	From	To
Southern Pacific Company	:San Francisco, Ferry Building	:Oakland Mole
Southern Pacific Company	:San Francisco, Ferry Building	:Broadway, Oakland
Southern Pacific Company	:San Francisco, Ferry Building	:Alameda Pier
Southern Pacific Company	:San Francisco, Ferry Building	:Richmond Pier
Golden Gate Ferry Company	:San Francisco, Hyde Street	:Sausalito
Golden Gate Ferry Company	:San Francisco, Hyde Street	:Berkeley Pier
Northwestern Pacific RR	:San Francisco, Ferry Building	:Sausalito
Northwestern Pacific RR	:San Francisco, Ferry Building	:Tiburon
Monticello Steamship Company	Wharf near Ferry Building in San Francisco	:Vallejo

The Southern Pacific service to Oakland Mole, and to the foot of Broadway, Oakland; The Golden Gate Ferry Company service to Sausalito; the Northwestern Pacific Railroad Company service to Sausalito and Tiburon; and the Monticello Steamship Company service to Vallejo were being given prior to August 16, 1923, the effective date of Section 50-d of the Public Utilities Act. The Southern Pacific service to Richmond was authorized by Decision No. 14020, dated September 8, 1924 in Application No. 10408, while The Golden Gate Ferry Company service to Berkeley Pier was authorized by Decision No. 17097, dated July 7, 1926 in Application No. 12661 (Vol. 28 Opinions and Orders of the Railroad Commission of California, page 390). The order herein will authorize the several companies to transfer to Southern Pacific Golden Gate Ferries, Ltd., such rights as they may have to operate vessels. Whether any of the terminals can be changed without the consent of the Commission is not a matter at issue in this proceeding.

The Southern Pacific Alameda service is being given by virtue of the fact that the Commission extended the effective date of Decision No. 20044, dated July 12, 1928 in Case No. 2275, to April 2, 1929.

By Decision No. 20044 the Commission ordered the Southern Pacific Company to cease and desist from its operation of a vehicular ferry service between the City and County of San Francisco and the City of Alameda, unless and until it shall have obtained from this Commission a certificate declaring that public convenience and necessity required and will require such operation. As said, the effective date of Decision No. 20044 has been extended to April 2, 1929. The Southern Pacific Golden Gate Ferries, Ltd. asks for such certificate of public convenience and necessity or other authority requisite to the acquisition and operation of each and all the ferries and properties described in the application, which are now being operated. It is our opinion that only in the case of the San Francisco-Alameda service is it necessary for the Commission to grant a certificate of public convenience and necessity. The other services are now being rendered under rights that are transferable. The acquisition of such rights by applicant Southern Pacific Golden Gate Ferries, Ltd., carries with it the right to operate vessels, in accordance with the rights acquired.

There is now pending before the Commission Application No. 12673 in which The Golden Gate Ferry Company asks permission to operate vessels between San Francisco and the City of Alameda, and also Application No. 14856, in which the Southern Pacific Company asks permission to carry vehicles on its vessels operating between San Francisco and its Alameda Pier. On March 11, 1929 The Golden Gate Ferry Company filed with the Commission a withdrawal of Application No. 12673 and also a withdrawal of its opposition to granting Application No. 14856.

Counsel for applicants filed a stipulation permitting the Commission to consider in this proceeding, the evidence in Application No. 12673, in Application No. 14856 and Case No. 2275, for the purpose of showing that public convenience and necessity requires the operation of vessels for the transportation of vehicles between the City of Alameda and San Francisco. The record in those proceedings and the evidence submitted in this proceeding as to the extent of the service

rendered by the Southern Pacific between Alameda and San Francisco, we believe, warrants the finding by this Commission that public convenience and necessity requires and will require the operation of vessels between Alameda Pier and the Ferry Building, San Francisco. Applicant Southern Pacific Golden Gate Ferries, Ltd. will continue to give the same service as is now being given by the Southern Pacific Company. The frequency of that service is shown in Exhibit No. twenty-two.

Applicants other than Southern Pacific Golden Gate Ferries, Ltd. propose and desire to convey to applicant Southern Pacific Golden Gate Ferries, Ltd. and applicant Southern Pacific Golden Gate Ferries, Ltd. proposes and desires to acquire and carry on, all and singular, the automobile ferries and the operative rights, properties and equipment used and useful in the operation thereof generally described in paragraph three of the petition and in this opinion, except that certain property to which reference will be made hereafter, will be leased. A description of the ferries, property and equipment owned and/or operated which it is sought to transfer is described in Exhibits C-1; C-2; C-3; C-4; C-6 and C-7 inclusive. The property to be leased is described in Exhibits No. 6; No. 7; and No. 8. Reference is here made to such exhibits for a detailed description of the properties.

The following vessels are to be transferred;-

	<u>NAME OF VESSELS</u>	<u>OWNER</u>
Steamship	"San Mateo"	Southern Pacific Company
Steamship	"Shasta"	Southern Pacific Company
Steamship	"Yosemite"	Southern Pacific Company
Steamship	"El Paso"	Southern Pacific Company
Steamship	"New Orleans"	Southern Pacific Company
Steamship	"Klamath"	Southern Pacific Company
Steamship	"Fresno"	Southern Pacific Company
Motorship	"Stockton"	Southern Pacific Company
Motorship	"Lake Tahoe"	Southern Pacific Company
Motorship	"Mendocino"	Northwestern Pacific Railroad
Motorship	"Santa Rosa"	Northwestern Pacific Railroad
Motorship	"Redwood Empire"	Northwestern Pacific Railroad
Steamship	"Melrose"	Central Pacific Railway Company
Steamship	"Thoroughfare"	Central Pacific Railway Company

NAME OF VESSELS, Cont'd		OWNER
Steamer	"Harry E. Speas"	The Golden Gate Ferry Company
Motorship	"Golden Gate"	The Golden Gate Ferry Company
Motorship	"Golden West"	The Golden Gate Ferry Company
Motorship	"Golden State"	The Golden Gate Ferry Company
Motorship	"Golden Bear"	The Golden Gate Ferry Company
Motorship	"Golden Poppy"	The Golden Gate Ferry Company
Motorship	"Golden Shore"	The Golden Gate Ferry Company
Motorship	"Golden Age"	The Golden Gate Ferry Company
Steamship	"Golden Era" (1)	The Golden Gate Ferry Company
Steamship	"Golden Dawn" (1)	The Golden Gate Ferry Company
Steamship	"Golden Way"	The Golden Gate Ferry Company
Steamship	"City of Sacramento"	Monticello Steamship Company
Steamship	"Calistoga"	Monticello Steamship Company
Steamship	"Napa Valley"	Monticello Steamship Company
Steamship	"General Frisbie"	Monticello Steamship Company

(1) Held under option to purchase from Key System Transit Company

In addition, the South Pacific Coast Railway Company asks permission to lease to the new company the Steamship "Encinal". We are not convinced from the record in this proceeding that the leasing of the Steamship "Encinal" by applicant Southern Pacific Golden Gate Ferries, Ltd. is necessary at this time. If, after said applicant has begun operations, the parties in interest still feel that the Steamship "Encinal" should be leased, they may file a new application to cover that matter.

In Exhibit No. 1 H. G. Butler, consulting engineer, reports the historical cost new of the properties to be sold to the Southern Pacific Golden Gate Ferries, Ltd. as follows:-

I T E M	: Southern Pacific and Northwestern Pacific Companies			: Monticello Steamship Company		: Golden Gate Companies		: T O T A L
	Physical properties	:\$7,288,031.	:\$2,525,508.	:\$4,380,221.	:\$14,173,760			
Lands (Present value)	: 659,784.	: 211,465.	: 211,375.	: 1,082,624				
Grading and Riprap	: 193,635.	:	:	: 193,635				
Adjustment of overheads	: 91,000.	: 19,754.	: 165,193.	: 275,947				
Materials and supplies:	: 45,100.	: (1)	: 26,400.	: 71,500				
Total.....	:\$8,277,550.	:\$2,756,727.	:\$4,763,189.	:\$15,797,466.				

(1) Included in Golden Gate companies.

It is suggested that the new company should be provided with \$300,000.00 cash to pay organization expenses and for working capital. Adding this sum to the \$15,797,466.00, makes a total of \$16,097,466.00. The historical cost of the properties was arrived at by starting with the Railroad Commission appraisals in rate proceedings and adding thereto the cost of additions and betterments from the date of such appraisals to December 31, 1928.

The above figures do not include \$244,475.79 expended in the construction of ferry slips three and four at the Hyde Street terminal of The Golden Gate Ferry Company. In Exhibit No. 2, prepared by Price, Waterhouse and Company the cost of the slips is reported at \$247,828.80. Inasmuch as the company still owes the State of California \$244,475.79, the accountants deducted the last named sum from the cost of the company's additions and betterments from January 1, 1926 to December 31, 1928.

It appears from the record that two of the vessels now operated by The Golden Gate Ferry Company are leased, with option to purchase, from the Key System Transit Company. These vessels are the Steamship "Golden Era" (ex "Fernwood") and the Steamship "Golden Dawn", (ex "San Francisco".) The foregoing appraisal figures include only the sums, \$94,167.32 and \$93,359.86 respectively, which The Golden Gate Ferry Company expended in reconditioning such boats and making them suitable for vehicular ferry service. In the event the Key System Transit Company does not sell the boats, it must reimburse The Golden Gate Ferry Company for the amounts expended, less certain allowances for depreciation. If the Key System Transit Company elects to sell the boats, The Golden Gate Ferry Company must pay \$65,000.00 for each of them. The proposed purchase price is not included in the reported historical cost of the physical properties.

The lands whose present value is reported at \$1,082,624.00 in Exhibit No. 5 were appraised by Roy Boylin, land valuation engineer of the Southern Pacific Company. He testified that the value submitted included no improvements on the lands. It is proposed that applicant

Southern Pacific Golden Gate Ferries, Ltd. acquire the following lands:-

DESCRIPTION	AREA	UNIT PRICE	VALUE
<u>Land to be acquired from Southern Pacific Company:</u>			
Parcel occupied by Broadway Ferry Slip, City of Oakland	114,199 sq.ft.	\$5.50	\$ 628,095.
<u>Land to be acquired from Northwestern Pacific Railroad Co.:</u>			
Parcel situated near the foot of Van Ness Avenue, San Francisco	84,700 sq.ft.		31,689.
<u>Lands to be acquired from Golden Gate Ferry Company:</u>			
Waterfront property at Sausalito	32,500 sq.ft.	\$4.25	138,125.
Parcel occupied by a portion of ferry approach at foot of University Avenue, Berkeley,			
Firm land	6,000 sq.ft.	.60	3,600.
Tide land	6.93 acres	\$5,000.	34,650.
<u>Lands to be acquired from Monticello Steamship Company:</u>			
Parcel located at northeast corner of Branciforte and Main Streets, City of Vallejo	13,023 sq.ft.	.85	11,070.
Parcel located at northeast corner of Branciforte and York Streets, City of Vallejo	19,535 sq.ft.	1.25	24,419.
Parcel lying between west line of Branciforte Street and west line of Tide Land Survey No.3, City of Vallejo	117,317 sq.ft.	1.50	175,976.
<u>Land to be acquired from Golden Gate-San Rafael Ferry Company:</u>			
Parcel at Point San Quentin	34.57 acres		35,000.
TOTAL.....			\$1,082,624.

There is some doubt whether the new company can get an unincumbered fee simple title to all of the Vallejo lands.

All of the lands, except those to be acquired from the Northwestern Pacific Railroad Company and Golden Gate-San Rafael Ferry Company are now used in the ferry service.

The Southern Pacific Company has agreed to lease to applicant Southern Pacific Golden Gate Ferries, Ltd. the land needed by the latter in the conduct of its operations at the Oakland Mole (Exhibit No. 6.) For the use of this land the new company is to pay an annual rental of \$53,000.00. The lease is to continue in force to November 1, 1960. Southern Pacific Company and South Pacific Coast Railway Company have also agreed to lease (Exhibit No. 7) to applicant Southern Pacific Golden Gate Ferries, Ltd. the land necessary at the Alameda Pier. The Alameda lease fixes an annual rental of \$1,113.00 and expires on May 19, 1937. It is proposed to transfer to applicant Southern Pacific Golden Gate Ferries, Ltd. the lease dated October 22, 1926 (Exhibit No. 14) between the City of Berkeley and The Golden Gate Ferry Company; the lease dated March 13, 1923 (Exhibit No. 17) between the City of Richmond and A. H. Draughon, assigned to the Southern Pacific Company on August 13, 1924; and the lease (Exhibit No. 17) from The Atchison, Topeka and Santa Fe Railway Company to the City of Richmond, dated December 17, 1923, and assigned to the Southern Pacific Company on July 29, 1924. No values have been placed on any of these leases.

The Northwestern Pacific Railroad Company is not transferring any of its lands at either Sausalito or Tiburon to applicant Southern Pacific Golden Gate Ferries, Ltd. It appears, however, from the record that the Northwestern will permit applicant Southern Pacific Golden Gate Ferries, Ltd. to use its ferry slips at Sausalito and Tiburon and will also carry on its passenger boats vehicles for the account of the new company. We will require as a condition precedent to the effective date of this order, insofar as it involves the transfer of Northwestern Pacific Railroad Company operative rights and properties and the discontinuance of service, that applicants file with this Commission an agreement, or agreements, satisfactory in form to the Commission, under the terms of which the new company will be given access to the Northwestern Pacific terminals at Sausalito and Tiburon, and carry vehicles for the account of the new company. Counsel for applicants stated that they

would at no time question this Commission's jurisdiction to order the installation of additional service (assuming such is required) between the Ferry Building, San Francisco, and Tiburon.

It is proposed to transfer to applicant Southern Pacific Golden Gate Ferries, Ltd. the franchises granted by the following ordinances of the City and County of San Francisco:-

Ordinance No.	Grantee	Service to	Exhibit No.
5625 (New series)	Golden Gate Ferry Co.	Sausalito	10
6762 (New series)	Golden Gate Ferry Co.	Berkeley	11
7167 (New series)	A.C.Stewart	Alameda	12
7936 (New series)	Golden Gate-San Rafael Ferry Co.	Point San Quentin	13
6244 (New series)	Northwestern Pacific Railroad Company	Tiburon	16
5990 (New series)	Arthur E. Draughon	Richmond	18
5474 (New series)	Six Minute Ferry Co.	Oakland	19

It appears that in some instances the consent of the grantor of franchises, and the consent of the lessor of properties must be obtained before the franchises or leases can be assigned to applicant Southern Pacific Golden Gate Ferries, Ltd. No one appeared at the hearing in opposition to the assignment of any franchise or lease. While the order herein will authorize the assignment of the franchises and leases mentioned herein, it is, of course, understood that applicants will take the necessary steps to secure the consent of the grantor of franchises or the lessor of leased properties wherever such consent is necessary.

The \$193,635.00 reported under grading and riprap (Exhibit No.4) is said to represent the historical cost of grading, riprapping and bulk-heading on those portions of Oakland and Alameda moles of the Southern Pacific Company, which will be used in the vehicular ferry service. This item is said to be in addition to the amount included by the Commission, in the Southern Pacific Company rate base (ferry rates) established by Decision No. 15119, dated June 29, 1925. (Vol. 26, Opinions and Orders of the Railroad Commission of California, page 683). The item \$275,947.

(Exhibit No. 3) reported under adjustment of overheads is said to have been obtained by applying to the properties to be acquired by applicant Southern Pacific Golden Gate Ferries, Ltd. the overhead percentages which the Commission allowed in Decision No. 15119. The several companies have followed different methods in charging overhead expenses. The above adjustments makes the charge uniform as to all the properties. The \$71,500.00 of materials and supplies is an estimate of the cost of materials and supplies on hand December 31, 1928. The amount of materials and supplies on hand at the date of the transfer of the properties may differ from that just stated.

H. G. Butler estimated the accrued depreciation calculated on a five percent sinking fund basis on the properties, at about \$1,200,000. The financial statements on file and the testimony of M. Peterzon, a Southern Pacific auditor, and R. R. Burris, auditor for the Northwestern Pacific, shows that the companies depreciated their properties at a more rapid rate than indicated by H.G. Butler. It is possible that the depreciation accrued on the books of the companies is excessive and that certain charges should have been made against some of the reserves.

We feel that for the purpose of this proceeding the cost figures submitted are reasonable. Counsel for applicants stated that in the event of a rate proceeding the costs submitted in this application and the financial obligations, in the form of rentals or otherwise, which applicant Southern Pacific Golden Gate Ferries, Ltd., proposes to assume, would not be binding upon the Commission or the public, by virtue of the fact that the Commission in this case may have recognized such cost or may have authorized said applicant to assume certain obligations.

The consolidated income account of applicants for 1928 shows the following results from the operation of the different ferry lines;-

Name of Company and Line	Operating Revenue	Operating Expenses	Net Operating Revenue	Taxes	Net Income
<u>SOUTHERN PACIFIC:</u>					
Oakland Pier	:\$2,542,618.	:\$1,202,259.	:\$1,340,359.	:\$ 2,370.	:\$1,337,989
Alameda	: 127,050.	: 366,710.	: 239,660.(1)	: 488.	: 240,148.(1)
Broadway	: 72,264.	: 179,744.	: 107,480.(1)	: 1,683.	: 109,163.(1)
Richmond	: 180,470.	: 534,631.	: 354,161.(1)	: 2,034.	: 356,195.(1)
Subtotal.....	:\$2,922,402.	:\$2,283,344.	:\$ 639,058.	:\$ 6,575.	:\$ 632,483.
<u>GOLDEN GATE FERRY</u>					
Sausalito	:\$1,030,371.	:\$ 718,864.	:\$ 311,507.	:\$17,378.	:\$ 294,129.
Berkeley	: 749,990.	: 674,801.	: 75,189.	: 22,050.	: 53,139.
Subtotal.....	:\$1,780,361.	:\$1,393,665.	:\$ 386,696.	: 39,428.	:\$ 347,268.
<u>NORTHWESTERN PACIFIC</u>					
	:\$ 162,194.	:\$ 443,228.	:\$ 281,034.(1)	-	:\$ 281,034.(1)
<u>MONTICELLO STEAM- SHIP COMPANY</u> ...					
	: 511,854.	:\$ 494,845.	:\$ 17,009.	:\$ 2,955.	:\$ 14,054.
<u>GRAND TOTAL</u>	:\$5,376,811.	:\$4,615,082.	:\$ 761,729.	:\$48,958.	:\$ 712,771.

(1) Loss.

H. G. Butler testified that it was impossible at this time to make an accurate forecast of the net earnings of the consolidated properties. According to his opinion, the new company should have at least \$1,200,000.00 available for federal income tax, bond interest, dividends and surplus, as compared with a net income of \$712,771.00 for 1928, under the conditions the properties were then operated. This amount is arrived at by considering the net earnings during 1928, and adding thereto the savings in operating expenses already effected, the savings that can be effected by substituting motorships for steamships, and the increase in net income due to the growth of the business.

Applicant Southern Pacific Golden Gate Ferries, Ltd. asks permission to issue \$10,000,000.00 of five and one half percent twenty-year bonds and 419,000 shares of no par value common stock to acquire the aforesaid properties and provide itself with \$300,000.00 in cash to pay organization expenses and for working capital. The bonds are to be issued under a mortgage or trust indenture which is to secure the payment of an authorized issue of \$20,000,000.00 and no more. The instru-

ment is to contain an after-acquired property clause and provide for a sinking fund which will retire the \$10,000,000.00 of bonds to be presently issued during the life of the bonds. They may be redeemed at the option of the company on any interest payment date at their face value, accrued interest and a premium of two and one half percent. The trust indenture is also to contain adequate insurance covenants. It is proposed that bonds subsequent to the initial issue of \$10,000,000.00 may be issued only in amounts equal to 66-2/3 percent of the net cost of additions and betterments. The final draft of the trust indenture has not yet been submitted. In view of the proposed sinking fund provisions and the insurance covenants, we believe that the issue of the \$10,000,000.00 of bonds may be authorized. The Commission, if it is finally called upon to authorize the execution of a trust indenture which permits the trustee to certify bonds equal to 66-2/3 percent of the net cost of additions and betterments, may require that such percentage be reduced to sixty percent and may also require other changes. It is of record that \$5,000,000.00 of the bonds will be delivered to the Southern Pacific Company and \$5,000,000.00 to The Golden Gate Ferry Company or said \$5,000,000.00 of bonds at not less than 95 percent of their face value and accrued interest may be sold and the cash delivered to The Golden Gate Ferry Company.

Of the stock, nine shares will be issued and delivered to the incorporators of applicant Southern Pacific Golden Gate Ferries, Ltd. The issue of this stock is authorized by the Commission's General Order No. 82. Its issue will also be authorized by the order herein. The remainder will be delivered to a holding company whose stock may be sold or distributed between the Southern Pacific Company and The Golden Gate Ferry Company. The stock will be issued in part payment for the properties. It is urged that the simplest and most effective method of taking care of any question as to the historical cost of the properties to be financed is to provide for a stock without par value, for in that

way whatever those costs should be determined to be, they would be represented by stock without par value. It does not seem to us that it is in the public interest to authorize the issue of no par value common stock without some regard to the cost and earnings of properties. The order herein will authorize applicant Southern Pacific Golden Gate Ferries, Ltd. to issue in addition to the nine shares to qualify its directors, 210,000 shares of its no par value common capital stock, such stock to be issued and delivered in part payment for the properties referred to herein.

It is of record that the control of applicant Southern Pacific Golden Gate Ferries, Ltd. will vest in the Southern Pacific Company. Its Board of Directors will consist of nine members, namely--Paul Shoup; E. H. Maggard; F. S. McGinnis; J. E. Dyer; Herbert . Fleishhacker; A. O. Stewart; S. P. Eastman; B. E. Dibblee; and Milton Esberg. The Commission is assured that while the control of the new company will rest in the Southern Pacific, that the Board of Directors will be given a free hand to manage and operate its ferry properties.

Walter H. Robinson, appearing for Marvelous Marin, Incorporated, the Mill Valley Chamber of Commerce and Tiburon Chamber of Commerce and residents of Tiburon and Belvedere, urged upon applicants to inaugurate additional ferry service between Tiburon and the Ferry Building to accommodate trucks. Counsel for applicants stated that they were not in a position to promise such service, but assured Mr. Robinson that the new company would try in every way to meet the needs of the communities served by the existing ferry facilities and that the new company will take over the service rendered by the old companies with all the obligations incident to that. The new company is to be substituted for the old companies in carrying on the service which is now being given, with all responsibilities and obligations that attach to those carriers and to that service. Warren Olney, Jr.

one of the attorneys for applicants stated, during the course of the hearing,

"that there is no arrangement or understanding, expressed or implied or of any nature whatsoever whereby the new company will be restrained in any of its activities in the way of giving service, old or new, extensions of service or curtailments of old service--anything of the sort--in the interest of any railroad, the Northwestern Pacific, Southern Pacific or anything else. The definite understanding is that, so far as this company is concerned, its activities shall be measured and determined simply by the question of what service can be rendered on a justifiable basis, looked at solely from the business of operating the automobile ferry and no other considerations shall come into that question".

H. G. Butler testified that applicant Southern Pacific Golden Gate Ferries, Ltd., will be in a better position to finance improvements and provide additional service than any of the companies except the Southern Pacific and that through the consolidation of the properties and the establishment of a unified service, boats will be available as and when they are needed. It is his opinion that the proposed consolidation will, in effect, make available the equivalent of four boats without any additional cost and that the new company can render better service to the public at a very much lower cost than can be done by the existing companies operating by themselves.

It is, of course, understood that applicant Southern Pacific Golden Gate Ferries, Ltd. will keep its accounts and records in accordance with the uniform classification of accounts prescribed by Decision No. 11260, dated November 23, 1922 in Case No. 1760. In addition, we will require that the company keep separate revenue accounts for each ferry line operated, and likewise keep separate operating expense accounts insofar as expense can be directly chargeable to each line. We will further require separate capital accounts for each of the several terminals between which it operates. The accounts shall be kept in such manner until a change is authorized by the Commission.

O R D E R

Application having been made to the Railroad Commission for an order authorizing the transfer and lease of public utility properties, the discontinuance of public utility service, the execution of a mortgage or trust indenture, the issue of stocks and bonds by Southern Pacific Golden Gate Ferries, Ltd., and the operation of vessels by the latter company, a public hearing having been held before Examiner Fankhauser and the Commission being of the opinion that this application should be granted to the extent indicated in this order, and that the money, property or labor to be procured or paid for by the issue of such stock and bonds herein authorized, is reasonably required by Southern Pacific Golden Gate Ferries, Ltd., and that the expenditures herein authorized are not in whole or in part reasonably chargeable to operating expense or to income, therefore,

THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA HEREBY DECLARES AND ORDERS as follows:-

1. The Railroad Commission of the State of California hereby declares that future public convenience and necessity requires the operation by the Southern Pacific Golden Gate Ferries, Ltd., a corporation, of vessels across the inland waters of the State of California, between the Ferry Building in the City and County of San Francisco and the present Southern Pacific pier in the City of Alameda, the operation of said vessels to be limited to the transportation of vehicles, together with the occupants thereon, and the freight thereon. The Commission hereby authorizes said applicant to operate vessels for the aforesaid purpose between said Ferry Building in the City and County of San Francisco and said Southern Pacific pier in the City of Alameda.

2. Applicants, Southern Pacific Company, Northwestern Pacific Railroad Company, Central Pacific Railway Company, South Pacific Coast Railway Company, The Golden Gate Ferry Company and Monticello Steamship Company, and Golden Gate-San Rafael Ferry Company be, and they are hereby, authorized to sell, transfer and convey the ferries,

operative rights, properties and equipment described in this application, to the Southern Pacific Golden Gate Ferries, Ltd., which company is hereby authorized to acquire said ferries, operative rights, properties and equipment and operate the same.

3. Upon the transfer of the aforesaid ferries, operative rights, properties and equipment, Southern Pacific Company, Northwestern Pacific Railroad Company, Central Pacific Railway Company, South Pacific Coast Railway Company, The Golden Gate Ferry Company and Monticello Steamship Company may discontinue the operation of said ferries, operative rights, properties and equipment.

4. Applicants, Southern Pacific Company and South Pacific Coast Railway Company, may lease to the Southern Pacific Golden Gate Ferries, Ltd., the properties described in Exhibits No. 7 and No. 8.

5. Southern Pacific Golden Gate Ferries, Ltd., may acquire and hold the stock of The Golden Gate Ferry Company, Monticello Steamship Company and Golden Gate-San Rafael Ferry Company.

6. Southern Pacific Golden Gate Ferries, Ltd. may issue and sell at not less than 95 percent of their face value and accrued interest, \$10,000,000.00 of five and one half percent twenty-year bonds and use such bonds or part of said bonds, or the proceeds, or part of said proceeds, to pay in part for the ferries, operative rights, properties and equipment which it is herein authorized to acquire.

7. Southern Pacific Golden Gate Ferries, Ltd. may issue nine shares of its no par value common capital stock at not less than \$100.00 per share to its directors, and use the proceeds for working capital and may issue not exceeding 210,000 ^{shares} / 100 of its no par value common capital stock for the purpose of paying in part for the ferries, operative rights, properties and equipment which it is hereby authorized to acquire.

8. The authority herein granted to issue bonds will become effective when applicant Southern Pacific Golden Gate Ferries, Ltd. has paid the fee prescribed by Section 57 of the Public Utilities Act, which fee is Five Thousand Five Hundred (\$5,500.00) Dollars, and when this Commission has authorized said applicant to execute a mortgage or trust indenture to secure the payment of such bonds.

9. The authority herein granted to operate vessels between the Ferry Building in the City and County of San Francisco and the present Southern Pacific pier in the City of Alameda will become effective upon the effective date hereof.

10. The authority herein granted to the Northwestern Pacific Railroad Company to transfer ferries, operative rights, properties and equipment to the Southern Pacific Golden Gate Ferries, Ltd. will become effective when said applicants have filed with the Commission in satisfactory form a copy of the agreement or agreements under which applicant, Southern Pacific Golden Gate Ferries, Ltd., will be permitted to use the terminal properties of the Northwestern Pacific Railroad Company at Sausalito and Tiburon and Northwestern Pacific Railroad Company agrees to carry on its passenger boats vehicles for, and on account of, applicant, Southern Pacific Golden Gate Ferries, Ltd.

11. For all other purposes the effective date of this order will be twenty days after the date hereof.

12. Within thirty days after the transfer of any of the ferries, operative rights, properties and equipment herein authorized to be transferred or the leasing of any of said properties, there shall be filed with the Railroad Commission a certified copy of the deed or deeds and of the leases under which applicant, Southern Pacific Golden Gate Ferries, Ltd. acquires the title to, or possession of said ferries, operative rights, properties and equipment, and also a statement showing the date on which the vendors discontinued public utility service.

13. Applicant, Southern Pacific Golden Gate Ferries, Ltd. shall file with the Railroad Commission such reports as are required by the Commission's General Order No. 24, which order, insofar as applicable, is made a part of this order.

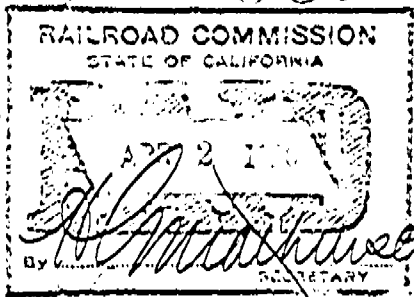
14. Under the authority herein granted, no ferries, operative rights, properties or equipment may be sold, transferred or

or conveyed, and no stock or bonds may be issued after August 15, 1929.

DATED at San Francisco, California, this 1st day of April,
1929.

Paul S. Leland
Al Jensen
Ernest C. ...
Leon Whitely
W. J. ...
Commissioners.

Fee \$ 5500⁰⁰/₁₀₀



Fee #