

Decision No. 24790

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of
 HUNT, HATCH TRANSPORTATION COMPANY
 and THE RIVER LINES (The California
 Transportation Company, Sacramento
 Navigation Company, and Fay Trans-
 portation Company) for an order
 authorizing a lease, with option to
 purchase, of the properties, fran-
 chises and operating rights of Hunt,
 Hatch Transportation Company to The
 River Lines.

ORIGINAL

Application No. 18094

McCutchen, Olney, Mannon & Greene by
 Allan P. Matthew and John O. Moran
 for applicants.

BY THE COMMISSION:

O P I N I O N

In this application the Railroad Commission is asked to make an order (a) authorizing the lease, with an option to purchase, of the transportation properties, franchises and operating rights of Hunt, Hatch Transportation Company to The River Lines, and (b) authorizing the purchase and sale of said properties, franchises and operating rights in the event The River Lines exercises said option.

It appears that The River Lines is the name under which The California Transportation Company, Sacramento Navigation Company and Nahum Fay and Norvin Fay, co-partners doing business under the firm name and style of Fay Transportation Company, are conducting an unified operation for the transportation of freight, chiefly, by vessel between San Francisco and points on the Sacramento and San Joaquin

Rivers. Such unified operation is being performed under authority granted by the Commission by Decision No. 24420, dated January 25, 1932.

Hunt, Hatch Transportation Company is a corporation organized under the laws of the State of California and engaged in the operation of vessels for the transportation of freight generally between points on the San Francisco, San Pablo and Suisun Bays and points on the Sacramento and San Joaquin Rivers and their tributaries, as shown by its tariffs of rates and charges on file with the Commission. The company owns and operates three motorships, the "Oakland" with a net registered tonnage of 113, the "Surprise" with a net registered tonnage of 64, and the "Suisun City" with a net registered tonnage of 73. It reports its assets and liabilities as of March 31, 1932, as follows:

ASSETS

Boats.....	\$115,464.31	
Less depreciation.....	53,975.94	\$ 61,488.37
Furniture and fixtures.....	3,074.42	
Less depreciation.....	2,224.89	849.53
Organization expenses.....		906.85
Accounts receivable.....		3,364.17
Hunt Hatch & Co.....		36,514.05
Miscellaneous items.....		886.05
Deficit.....		<u>2,678.50</u>
Total Assets.....		<u>\$106,687.52</u>

LIABILITIES

Capital stock.....	\$103,000.00	
Accounts payable.....	3,687.52	
Total Liabilities.....		<u>\$106,687.52</u>

During the last two years the company's operations have not been successful, judging from its financial reports filed with the Commission, a loss of \$709.82 being reported in 1930 and a loss of \$6,908.39 in 1931.

It is reported that Hunt, Hatch Transportation Company

desires to retire from the business as a common carrier of freight by vessel and that therefore it has entered into a lease and option agreement dated May 2, 1932, with the parties comprising The River Lines, by the terms of which it will lease the three vessels, together with all franchises, permits, operating rights or other concessions or grants, good-will, and all other properties used or useful in its existing transportation business, to The River Lines for a period of one year at a monthly rental of \$500.00, subject to the right of The River Lines to terminate the lease upon thirty days notice.

The agreement also grants the option to The River Lines to purchase the leased properties for the sum of \$65,000.00, of which \$45,000.00 shall be paid in cash and the balance through the conveyance of certain real property known as the Fay Island Ranch and comprising about 97.38 acres of farm lands in San Joaquin County valued at \$20,000.00. It is provided, however, that in lieu of the conveyance of the real property The River Lines may pay Hunt, Hatch Transportation Company the sum of \$15,000.00 in cash. In such event the amounts theretofore paid as rental shall be credited on the purchase price and the purchaser, in payment of the option price payable in cash, being the sum of \$45,000.00, may make monthly payments of not less than \$666.67 on the balance, such monthly payments to include interest at six percent on the unpaid amount.

The record shows there are no points now served by Hunt, Hatch Transportation/^{Company}that are not served at the present time by The River Lines. It appears to be the desire of The River Lines not so much to acquire the operative rights of Hunt, Hatch Transportation Company, as it is to acquire the three vessels of that company. The testimony shows that The River Lines has need of additional floating equipment and that should it not acquire the vessels of Hunt, Hatch Transportation Company, it would be compelled to purchase or construct

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other boats to meet the requirements of its service.

It is stated that as a result of this transaction there will be no curtailment but rather an increase in the service offered the public. It therefore appears to us that the application should be approved. It might be pointed out that the agreement providing as it does for monthly payments, under certain conditions, which will extend over a period of one year, is, in our opinion, a form of an evidence of indebtedness coming within the meaning of Section 52(b) of the Public Utilities Act. Its execution should be authorized by the Commission and the fee prescribed by Section 57 of the Act, paid.

ORDER

Application having been made to the Railroad Commission for an order authorizing Hunt, Hatch Transportation Company to lease and sell properties to The River Lines, a public hearing having been held before Examiner Fankhauser, and the Railroad Commission being of the opinion that the application should be granted, as herein provided,

IT IS HEREBY ORDERED, that Hunt, Hatch Transportation Company be, and it hereby is, authorized to lease, with an option to purchase, all of its transportation properties, franchises and operating rights to The River Lines, and, on or before June 30, 1933, to sell said properties, franchises and operating rights to The River Lines in the event said The River Lines exercises said option, said lease and sale to be in accordance with the terms and conditions of the lease and option agreement of May 2, 1932, filed in this proceeding as Exhibit No. 1, which lease and option agreement said applicants

are hereby authorized to execute and enter into.

IT IS HEREBY FURTHER ORDERED, that Hunt, Hatch Transportation Company be, and it is hereby, authorized to suspend until June 30, 1933, unless otherwise authorized by the Commission, the operations of vessels for the transportation of freight generally between points on the San Francisco, San Pablo and Suisun Bays and points on the Sacramento and San Joaquin Rivers and their tributaries, as shown by its tariff of rates and charges on file with the Commission.

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

1. Hunt, Hatch Transportation Company forthwith shall file supplements to its effective tariffs and schedules suspending their operation until June 30, 1933 and said supplements shall remain in effect until June 30, 1933 unless otherwise ordered by the Commission.

2. The authority herein granted will become effective when Hunt, Hatch Transportation Company or The River Lines, has paid the fee prescribed by Section 57 of the Public Utilities Act, which fee is Forty-five(\$45.00) Dollars.

DATED at San Francisco, California, this 23rd day of May, 1932.

O. C. Seaver
Leon Whirley
M. A. Carr
M. B. Harris
Fred G. Stearns
Commissioners.

