

BEFORE THE RAILROAD COMMISSION OF THE
STATE OF CALIFORNIA.

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In the Matter of the Application of)
SAN PEDRO TRANSPORTATION COMPANY)
for permission authorizing the)
borrowing of \$5,000.00.)

ORIGINAL

Application No. 2478.

Decision No. 2596

Frank A. Garbutt and Samuel C. Hall for applicant.

LOVELAND, Commissioner.

O P I N I O N.

In this application, SAN PEDRO TRANSPORTATION COMPANY asks authority to issue a note for \$5,000.00 for a period of from one to two years, with interest at not to exceed 7% per annum, and if necessary, to execute a mortgage securing the payment of said note.

As an alternative, applicant presented a request for authority to issue \$25,000.00 face value of ten year six per cent. bonds, at not less than the face value thereof. Representatives for applicant, however, were not able to inform the Commission in regard to the specific purposes for which the additional \$20,000.00 would be used. They also report that applicant has made no arrangements to issue bonds, has executed no deed of trust nor conferred with any person to act as trustee.

Under the facts and circumstances as presented to this Commission, I am of the opinion that applicant should at this time adhere to its original plan and issue a \$5,000.00 note rather than \$25,000 face value of bonds. If applicant's financial condition improves and the demand for new boats should arise,

it may hereafter make application to this Commission for authority to issue the bonds, and at that time, if it is deemed advisable, may refund the note herein authorized to be issued.

Applicant is engaged in operating a line of small gasoline ferry boats between various points in the harbor of Los Angeles, and is also engaged in a general boating business for hire, for freight, towing, fishing and other purposes in the harbor of Los Angeles and along the southern coast.

In Exhibit "B", attached to the application, applicant reports the cost of its property and the present value thereof as follows:

<u>Item</u>	<u>Cost</u>	<u>Present Value</u>
Boat Shop Equipment	\$ 700.00	\$2,940.00
Machine Shop	2,410.39	2,295.00
Fifth St. Office Building	1,138.00	500.00
One Small Barge	700.00	200.00
Office Furniture	200.00	150.00
Stock -Cigars and Drinks	150.00	200.00
Boats	53,561.68	42,850.00
Equipment	3,140.90	1,500.00
Franchises	500.00	--
Total,	\$62,500.97	\$50,635.00

In Exhibit "A" attached to the application herein, applicant reports its revenues and expenses for the fiscal year ending December 31, 1915, as follows:

REVENUES:

Passenger Revenue,	\$25,659.25	
Freight Revenue,	515.20	
Boat Hire,	16,016.04	
Rents,	560.00	
Total Revenues,		\$42,750.49

EXPENSES:

Labor,	\$20,776.75	
Repairs and Maintenance,	3,353.69	
Supplies,	2,440.49	
Taxes,	854.95	
Fuel and Lubricating Oils,	5,534.92	
Miscellaneous,	952.71	
Compensation Insurance,	745.90	
Payments to the City of Los Angeles,	1,952.38	
Landing Rental,	1,350.00	
Superintendent,	2,400.00	
Office Rent and Salaries,	2,400.00	
Depreciation on boats and Equipment,	3,156.00	
Depreciation on Franchise,	2,000.00	
Total Expenses,		\$47,917.79
Loss for Year,		\$ 5,167.30

Applicant desires to use the proceeds obtained through the issue of the \$5,000.00 note to pay in part its floating indebtedness reported in Exhibit No. 1 at \$6,283.98. The indebtedness represents advances for the construction of a ferry, unpaid salaries and miscellaneous current bills. It appears that approximately \$1,874.25 represents operating expenses. The testimony, however, is to the effect that instead of paying its current operating bills, applicant has invested certain of its earnings in fixed capital. Had it not followed this policy, it would be able to meet all of its operating expenses.

Inasmuch as applicant desires to pay its general creditors, it will be necessary for it to reimburse its treasury to the extent that the indebtedness reported in Exhibit No. 1 represents operating expenses. The order in this proceeding, however, will specify that any moneys thus applied for reimbursement shall afterwards be used by applicant to pay its indebtedness.

I herewith submit the following form of order.

O R D E R.

SAN PEDRO TRANSPORTATION COMPANY having applied to the Commission for authority to issue its \$5,000 promissory note for a term not exceeding two years and for authority to execute a mortgage securing the payment of said note,

And a hearing having been held and it appearing that the purposes for which applicant desires to use the proceeds obtained through the issue of the note are not in whole or in part reasonably chargeable to operating expenses,

IT IS HEREBY ORDERED that SAN PEDRO TRANSPORTATION COMPANY be given authority, and it is hereby given authority, to issue its promissory note in the principal sum of not more than \$5,000.00.

IT IS HEREBY FURTHER ORDERED that SAN PEDRO TRANSPORTATION COMPANY be given authority, and it is hereby given authority, to execute a mortgage securing the payment of the note herein authorized to be issued.

The authority herein granted is granted upon the following conditions and not otherwise:

(1).-- The note herein authorized to be issued may be issued for a term of not more than two years, provided that applicant may issue said note for a term of less than two years and renew the same without further authority from this Commission, on the condition that the term of the original note, plus the term of the renewal, shall not exceed the period of two years.

(2).-- The note herein authorized to be issued shall bear interest at not more than 7 per cent. per annum and shall be issued so as to net applicant herein the face value thereof.

(3).-- Applicant shall file with this Commission a copy of its proposed mortgage.

(4).-- The proceeds obtained through the issue of the note herein authorized shall be used for the following purposes and not otherwise:

A.- The amount of \$1,874.25 may be used to reimburse applicant's treasury for capital expenditures, provided that the money thus used will thereafter be applied to the payment of the following indebtedness:

Salaries,	\$667.40
Globe Ticket Co., . .	150.00
Frank E. Garbutt Co. .	19.35
R.A. Rowan & Co., . .	251.95
City of Los Angeles, .	115.00
Standard Oil Co., . . .	670.55

B.- The remainder of the proceeds may be applied by applicant to the payment of the remainder of its indebtedness.

(5).-- San Pedro Transportation Company shall keep separate, true and accurate accounts showing the receipt and application in detail of the proceeds of the sale of the note hereby authorized to be issued, all in accordance with this Commission's General Order No. 24, which order, in so far as applicable, is made a part of this order.

(6).-- The authority herein given to issue said note for \$5,000.00 is contingent upon the payment of the fee specified in Section 57 of the Public Utilities Act, as amended.

(7).-- The authority herein granted shall apply only to such note as shall have been issued on or before December 31, 1916.

The foregoing Opinion and Order are hereby approved and ordered filed as the Opinion and Order of the Railroad Commission of the State of California.

Dated at San Francisco, California, this
25th day of August, 1916.

Max Theles
H. H. Stewart
W. J. Gordon
Edwin O. Edgerton
Frank R. Decker

Commissioners.

Railroad Commission State of California

PAID
AUG 30 1916
BY H. H. Stewart
Assistant Secretary.

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