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ORIGINAL

Decision No. 56347

Decision No. _____.

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA.

* * *

In the Matter of the Application of)
RICEMOND AND SAN RAFAEL FERRY AND)
TRANSPORTATION COMPANY for authority) Application No. 3376.
to issue capital stock.)

Jacobs & Oliver, by James Oliver,
for applicant.

BY THE COMMISSION:

O P I N I O N.

This is an application of RICEMOND AND SAN RAFAEL FERRY AND TRANSPORTATION COMPANY, operating a ferry system between Point Richmond and San Quentin Point, for authority to issue 750 shares of capital stock at par for additions and betterments constructed or to be constructed, as hereinafter more fully set forth.

The hearing in this matter was held before Examiner Encell at San Francisco on December 29, 1917.

RICEMOND AND SAN RAFAEL FERRY AND TRANSPORTATION COMPANY by Decision Number 2740, dated September 4, 1915, (Vol. 8, Opinions and Orders of the Railroad Commission of California, pg.21) was authorized to issue on or before August 31, 1916, 750 shares of capital stock at par for the purpose of building a new ferry boat and to provide for other facilities. Applicant now represents that it was unable to complete the necessary financial arrangement for the sale of said stock and that no shares were issued under the authority heretofore granted.

The company now asks permission to issue 750 shares of stock at par for the following purposes:

- To Olson-Mahony Lumber Company, or its nominees,
for ferry boat "Charles Van Damme", 659 shares
- To Olson-Mahony Lumber Company, or its nominees,
for pier construction at Richmond, 15 shares
- To Olson-Mahony Lumber Company, or its nominees,
for pier construction at San Quentin, 20 shares
- For future additions and betterments, subject to
supplemental order of the Commission, 56 shares.

In "Exhibit D", attached to the petition herein, applicant reports assets and liabilities as follows:

ASSETS:

Fixed Capital,	\$29,710.14
Piers, Buildings, etc.,	\$23,702.09
Franchises,	5,000.00
Equipment,	<u>1,008.05</u>
Current Assets,	15,487.96
Cash,	\$ 1,929.75
Treasurer,	13,336.75
Inventories,	123.81
Accounts Receivable,	<u>97.65</u>
Unexpired Insurance,	<u>288.57</u>
TOTAL ASSETS,	\$45,486.67

LIABILITIES:

Capital Stock Outstanding,	\$25,000.00
Accounts Payable,	6,049.63
Depreciation Reserve,	10,750.00
Deferred Credit Items,	136.30
Surplus,	<u>3,500.74</u>
TOTAL LIABILITIES,	\$45,486.67

In "Exhibit C", attached to the petition here, applicant reports its revenues and expenses from May 1, 1915 to October 31, 1917, as follows:

Operating Revenues,	\$75,019.65
Earnings from Other Sources,	834.51
Total Earnings,	<u>75,854.16</u>
Operating Expenses,	61,553.42
Gross Income,	<u>14,300.74</u>
Less Depreciation,	10,750.00
Net Income,	<u>\$ 3,550.74</u>

Applicant reports that the ferry boat "Charles Van Damme" referred to in Decision Number 2740, dated September 4, 1915, has been constructed by Olson-Mahony Lumber Company. In "Exhibit A", attached to the petition herein, the cost of the boat, exclusive of interest, is reported at \$61,045.67. The interest up to November 1, 1917, is reported at \$4,867.70, making a total cost of \$65,913.37. The boat has been in operation for more than a year, although the title thereto has not been transferred to applicant. From a statement filed subsequent to the hearing, it appears that approximately \$2,000.00 of the \$4,867.70 of interest represents interest accrued during the period that the boat was being built and that the balance of the interest - \$2,867.70 - represents interest accrued on the cost of the boat while it has been in operation. The testimony shows that applicant has paid no rent for the use of the boat. It now, however, proposes to issue stock against the \$4,867.70 of interest on the theory that the stock so issued would offset the payment of rent. Inasmuch as the boat has been in actual operation for more than a year, it occurs to the Commission that the interest ^{accrued} on the moneys expended in building the boat during the period that said boat has been in actual operation should be paid out of earnings and not charged to capital account. We believe that applicant should be permitted to issue 631 shares of its capital stock to the Olson-Mahony Lumber Company or its nominees in payment for the ferry boat "Charles Van Damme".

Applicant states that the additions to its piers at Richmond and San Quentin were made necessary by the increased size

of the ferry boat "Charles Van Damme" over the boat previously in service. It appears that these additions are properly chargeable to capital account.

Applicant has in contemplation certain other enlargements and extensions, including new office structures on its two piers. It was not able at the hearing to furnish the Commission with detailed information as to these improvements, nor as to the cost thereof. The order herein will provide that applicant may issue, at par, 84 shares of its stock to finance the construction of improvements, provided that no part of the proceeds obtained from the sale of said 84 shares of stock shall be expended for purposes other than those indicated in a supplemental order of the Commission.

O R D E R.

RICHMOND AND SAN RAFAEL FERRY AND TRANSPORTATION COMPANY having applied to the Railroad Commission for authority to issue 750 shares of capital stock of the par value of \$100.00 per share for the purposes set forth in the foregoing opinion, and a public hearing having been held, and it appearing to the Railroad Commission that the money, property or labor to be procured or paid for by such issue is reasonably required for the purposes specified in the order, which purposes are not reasonably chargeable in whole or in part to operating expenses or to income,

IT IS HEREBY ORDERED that RICHMOND AND SAN RAFAEL FERRY AND TRANSPORTATION COMPANY be, and it is hereby, authorized to issue, at par, 750 shares of its capital stock of the par value of \$100.00 per share, for the following purposes:

- (a).-- To Olson-Mahony Lumber Company, or its nominees,
for ferry boat "Charles Van Damme", 631 shares
- (b).-- To Olson-Mahony Lumber Company, or its nominees,
for pier construction at Richmond, 15 shares
- (c).-- To Olson-Mahony Lumber Company, or its nominees,
for pier construction at San Quentin, 20 shares
- (d).-- For future additions and betterments, subject to
supplemental order of the Commission, 84 shares

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

- 1.-- The 84 shares of stock herein authorized to be issued for future additions and betterments shall be issued by applicant at not less than the par value thereof for cash and the proceeds deposited in a special fund. No part of said proceeds is to be expended for purposes other than those specified by the Commission in a supplemental order or orders in this proceeding.
- 2.-- Applicant shall keep separate, true and accurate accounts showing the receipt and application in detail of the proceeds of the sale of the stock herein authorized to be issued, and on or before the twenty-fifth day of each month, the company shall make verified reports to the Railroad Commission stating the sale or sales of said stock during the preceding month, the terms and conditions of the sale, the moneys realized therefrom, and the use and application of such moneys, all in accordance with this Commission's General Order Number 24, which order, in so far as applicable, is made a part of this order.

3.-- The authority herein granted applicant to issue stock shall apply only to such stock as shall have been issued on or before December 31, 1918.

Dated at San Francisco, California, this 15th day of January, 1918.

Miss Helen
H. D. Howard
Miss Gordon
Edwin C. Edwards
Frank R. DeLong

Commissioners.