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Decision No. 7711.

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA.

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In the Matter of the Application of)
WILMINGTON TRANSPORTATION COMPANY) Application Number 5754.
to issue capital stock and \$600,000.00)
of notes in payment of indebtedness.)

Gibson, Dunn & Crutcher, by J.A. Gibson, Jr.,
for applicant.

BRUNDIGE, Commissioner.

O P I N I O N.

WILMINGTON TRANSPORTATION COMPANY asks permission to issue \$600,000.00 of 7 per cent serial secured gold notes and \$202,600.00 of common stock to acquire from William Wrigley, Jr., the steamer "Avalon". The record shows that Wilmington Transportation Company operates a number of boats between Wilmington and Avalon and that the traffic has outgrown the company's present facilities. To take care of the increased traffic and give better service, applicant is now operating under charter the steamer "Avalon" owned by William Wrigley, Jr. On April 10, 1920, W.F. Mahar, deputy collector of customs, issued a license permitting the steamer "Avalon" to be employed in carrying on coasting trade. This license is based upon a sworn statement by William Wrigley, Jr., showing that the vessel has a net tonnage of 1,186; that it is a steam screw; that it has two decks; a registered length of 264.7 feet, a registered breadth of 38.3 feet and a registered depth of 22.1 feet. The testimony shows that the boat, including \$17,123.26 of interest to June 15, 1920, cost William Wrigley, Jr.

the sum of \$781,521.15. Although the Morse Dry Dock and Repair Company of New York, which has reconstructed the steamer "Avalon", places a value of \$1,250,000 on the steamer under present conditions, and William Muller, naval architect and shipbuilder, estimates that it would cost \$1,550,000 to reproduce the steamer new under existing conditions, William Wrigley, Jr., is willing to sell the vessel to the Wilmington Transportation Company at cost, -~~\$~~781,521.15,- to him. He has agreed to accept in payment the proceeds from the sale of \$600,000.00 of the company's notes and the balance in common stock at par. In this connection, it might be said that William Wrigley, Jr., owns practically all of the outstanding stock of Wilmington Transportation Company.

Of the \$600,000.00 of notes, which applicant asks permission to issue, \$200,000.00 mature May 1, 1921, \$200,000.00 on May 1, 1922 and \$200,000.00 on May 1, 1923. Arrangements have been made for the sale of the notes at prices ranging from 95 to 98 per cent of their face value plus accrued interest. The payment of the notes will be secured by mortgage or deed of trust constituting a lien on all of the company's properties now owned or hereafter acquired. Among other property mentioned in the proposed mortgage are the steamships "Avalon", "Cabrillo" and "Hermosa", the "Listo" and "Vivo", and lighters No. 1, No. 2, No. 4 and No. 5. The proposed mortgage provides that the company may not sell the steamer "Avalon" for less than \$1,000,000, the "Cabrillo" for not less than \$200,000, the "Hermosa" for not less than \$100,000, the "Listo" for not less than \$17,500, the "Vivo" for not less than \$20,000; Lighter No. 1 for not less than \$10,000, Lighter No. 2 for not less than \$11,000, Lighter No. 4 for not less than \$7,500 and Lighter No. 5 for not less than \$5,000. It further provides that the notes shall bear the personal endorsement of William Wrigley, Jr. A copy of the proposed mortgage has been filed with the Commission.

Applicant now report \$100,000.00 of stock outstanding, of which William Wrigley, Jr., is reported to own \$98,250.00. If this

transaction is consummated, additional stock in the amount of approximately \$202,600.00 will be issued, which added to the stock already outstanding, makes a total of \$302,600.00.

I herewith submit the following form of Order:

O R D E R.

WILMINGTON TRANSPORTATION COMPANY having applied to the Railroad Commission for permission to issue \$202,600.00 of stock and \$600,000.00 of notes, a public hearing having been held and the Commission being of the opinion that the money, property or labor to be procured or paid for by such issue is reasonably required for the purpose specified in this order, and that the expenditures for such purpose are not in whole or in part reasonably chargeable to operating expenses or to income:

IT IS HEREBY ORDERED, that WILMINGTON TRANSPORTATION COMPANY be, and it is hereby, authorized to execute a mortgage or deed of trust substantially in the same form as that filed with the Commission in this proceeding, provided that the approval herein given of said mortgage or deed of trust is for the purpose of this proceeding only and an approval in so far as this Commission has jurisdiction under the terms of the Public Utilities Act, and is not intended as an approval of said mortgage or deed of trust as to such other legal requirements to which said mortgage or deed of trust may be subject.

IT IS HEREBY FURTHER ORDERED, that WILMINGTON TRANSPORTATION COMPANY be, and it is hereby, authorized to issue not exceeding \$202,600.00 of its common stock and \$600,000.00 of its 7 per cent serial secured gold notes.

The authority herein granted is subject to further conditions as follows:

- 1.--The stock herewith authorized shall be sold by applicant for not less than par and the notes maturing May 1, 1921,

for not less than 98 per cent of the face value plus accrued interest, the notes maturing May 1, 1922 for not less than 96-1/2 per cent of their face value plus accrued interest and the notes maturing May 1, 1923 for not less than 95 per cent of their face value plus accrued interest.

2.--The stock and notes herein authorized shall be issued and the proceeds thereof used for the purpose of paying in full, for the steamer "AVALON", which applicant intends to acquire from William Wrigley, Jr. and referred to in this application.

3.--Wilmington Transportation Company shall keep such record of the issue and sale of the stock and notes herein authorized and of the disposition of the proceeds as will enable it to file on or before the twenty-fifth day of each month a verified report, as required by the Railroad Commission's General Order Number 24, which order, in so far as applicable, is made a part of this Order.

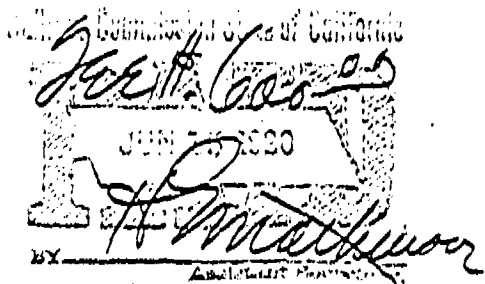
4.--The authority herein granted will not become effective until applicant has paid the fee prescribed by the Public Utilities Act.

5.--The authority herein granted will apply only to such

stock and notes as may be issued and sold on or
before October 1, 1920.

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

Dated at San Francisco, California, this 14th
day of June, 1920.



Edwin O. Longstrech
H. D. Longstrech
H. D. Roundige

Commissioners.