

ES

ORIGINAL

Decision No. 7812.

BEFORE THE RAILROAD COMMISSION OF THE  
STATE OF CALIFORNIA.

\* \* \*

In the Matter of the Application of )  
BAY TRANSPORT COMPANY )  
for a permit authorizing it to issue )  
and sell 3,500 shares of its capital )  
stock. )

Application No. 7276

-----  
Gregory and Goodell, by T.T.C. Gregory, for applicant.

BENEDICT, Commissioner.

O P I N I O N

BAY TRANSPORT COMPANY asks permission to issue \$350,000. par value (3,500 shares) of its common stock and to assume the payment of indebtedness aggregating \$187,562.93.

Bay Transport Company was organized during September, 1921, with an authorized stock issue of \$500,000.00, divided into 5000 shares of \$100.00 each. Applicant proposes to purchase and operate steamers, barges, tugs and equipment for the carriage of freight as a common carrier between points in San Francisco and adjacent bays and streams.

Applicant intends to acquire the following boats, now or formerly owned and operated by E.V. Rideout, doing business as and trading under the name of E.V. Rideout & Company;--the steamship "Crockett", the steamship "Dauntless", the launch "Lucien", the tug "Falcon" and the barges No. 8 and No. 10. H.G. Ilderton, general manager of the Bay Transport Company and who has for some time past been in charge of the operation of the vessels, estimates the replacement value of the vessels at \$285,000.00. The vessels, it

appears, are insured for \$194,500.00.

To acquire the vessels, applicant asks permission to issue \$275,000.00 of stock and to assume the payment of indebtedness aggregating \$187,562.93. In addition, applicant asks permission to issue \$25,000.00 of stock in exchange for the going business which it intends to acquire and to issue and sell, for cash, at par \$50,000.00 of stock when necessary for working capital.

It appears from the record in this proceeding that a creditors' committee under an agreement dated December 14, 1920, took possession of certain steamers, barges and tugs owned by E.V. Rideout. H.G. Ilderton was appointed assignee with power to manage and operate the vessels subject to the control and direction of the creditors' committee for the benefit of the creditors. In this agreement the creditors agreed to bring no action to enforce any of their claims prior to December 14, 1923, and E.V. Rideout agreed to waive all provisions of the statute of limitations during such time. An agreement dated August 22, 1921, gives T.T.C. Gregory, trustee for certain persons interested in organizing Bay Transport Company, an option to purchase the steamships "Crockett" and "Dauntless", the launch "Lucien", the tug-boat "Falcon" and the barges No. 8 and No. 10. He agrees to pay to E.V. Rideout \$20,000.00, \$5,000.00 of which is to be paid upon the delivery of a good and sufficient conveyance of title to the vessels executed pursuant to the agreement of August 22, 1921, and the possession of said vessels, their machinery, tackle and equipment; the remainder, \$15,000.00, is payable in installments of \$5,000.00 each in 60 day intervals from and after the initial payment. Upon and coincident with the initial payment, the Bay Transport Company agrees to assume the payment of \$187,562.93 and take such steps as may be necessary to relieve E.V. Rideout from any liability on account of such indebtedness. It appears that the \$20,000.00 payment will become an obligation of applicant, which added to the \$187,562.93 of indebtedness, the payment of which it intends to assume, makes a total

of \$207,562.93.

I do not believe that the Commission is justified in authorizing applicant to issue \$275,000.00 of stock against the vessels mentioned above. The indebtedness which applicant asks permission to assume and which it intends to obligate itself to pay amounts to \$207,562.93. This indebtedness it occurs to me should be deducted from the alleged \$285,000.00 replacement value of the vessels, which value is used as a basis for the purpose of this proceeding. If this is done, there remains a balance of \$77,437.07. At this time applicant will be permitted to issue not exceeding \$77,500.00 of stock on account of the purchase of the vessels. The matter of authorizing the issue of additional stock to refund indebtedness can be taken up in a subsequent proceeding if applicant concludes to refund part of such indebtedness through the issue of stock.

Applicant's request to issue \$25,000 of stock to acquire a going business has been considered. This request will not be granted. For working capital applicant will be permitted to issue not exceeding \$50,000.00 of stock for cash at par, provided that none of the proceeds be expended except for such purposes as the Railroad Commission may authorize by a supplemental order or orders.

I recommend that applicant be permitted to issue \$127,500.00 of stock for the purposes set forth in the following Order:

O R D E R

BAY TRANSPORT COMPANY having applied to the Railroad Commission for permission to issue stock and assume the payment of indebtedness, a public hearing having been held and the Railroad

Commission being of the opinion that applicant should be permitted to issue stock not in excess of \$127,500.00 and that the money, property or labor to be procured or paid for through the issue of such stock is reasonably required by applicant;

IT IS HEREBY ORDERED, that BAY TRANSPORT COMPANY be, and it is hereby, authorized to issue not exceeding \$127,500.00 of its common stock and to assume the payment of indebtedness referred to in this application, such indebtedness being reported at \$207,562.93.

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

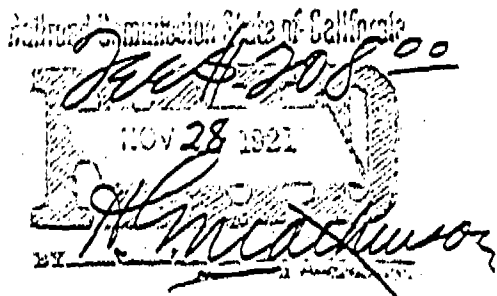
1.--Of the stock herein authorized to be issued, not exceeding \$77,500.00 may be issued for the purpose of aiding in the acquisition of the vessels and property described in the foregoing opinion and in this application.

2.--Of the stock herein authorized to be issued, \$50,000.00 may be sold, for cash, at not less than par, provided the proceeds obtained from the sale of the \$50,000.00 of stock be deposited in a special fund in some bank or banks, and expended only for such purposes as the Railroad Commission may hereafter authorize by a supplemental order or orders.

- 3.--Bay Transport Company shall keep such record of the issue and sale of the stock herein authorized and of the disposition of the proceeds as will enable it to file on or before the 25th day of each month a verified report as required by the Railroad Commission's General Order No. 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 as may be issued, sold and delivered on or before March 1, 1922.

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 26<sup>th</sup> day of November, 1921.



H. M. ...  
H. D. ...  
...  
...  
 Commissioners.