

ORIGINAL

Decision No. 47879

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application
of THE RIVER LINES, INC., a
corporation, for authority (1) to
issue note, (2) to execute mortgage
upon vessel, (3) to assign contract
for construction of vessel, and
(4) to enter into a contract to
execute note, mortgage and assign-
ment.

Application
No. 33826

O P I N I O N

This is an application for an order of the Commission authorizing The River Lines, Inc. to issue a note in the principal amount of \$250,000 and to execute a mortgage, an assignment and a contract for the purpose of financing the cost of equipment.

The application shows that The River Lines, Inc. is engaged in the transportation of fuel oil on the San Francisco Bay and the Sacramento and San Joaquin rivers. It reports that presently it uses six oil barges in its operations and that, because of this relatively small number and the limited capacity of the equipment and the demand for service, it frequently is unable to accept all of the oil tonnage which is tendered to it and that at the present time it refuses at least one load a week because of shortage of equipment. Applicant further reports that with increasing frequency it has been asked by the United States Air Force to transport assembled military aircraft by barges and that it has an inadequate supply of equipment with which to handle this traffic.

To meet these demands for service, applicant reports that it is about to enter into a contract with a ship building firm for

the construction of one welded steel bulk oil barge with flush deck to enable the carriage thereon of aircraft and other dry cargo, said barge to have a capacity of approximately 17,000 barrels, an overall length of approximately 225 feet, a beam of approximately 40 feet and a depth of approximately 12 feet. The cost of constructing the vessel is estimated at \$250,000.

Applicant has entered into a contract with The Anglo California National Bank of San Francisco under which said bank agrees to loan the sum of not to exceed \$250,000 for the purpose of defraying all or a portion of the cost of the barge. Under the terms of the agreement the amount to be advanced will be represented by a note, payable in 60 equal monthly installments with interest at the rate of 4½% per annum. The payment of the note will be secured by a preferred mortgage covering the barge and by an assignment to the bank of all of the right, title and interest applicant may have in the contract to be executed for the construction of the barge. A copy of the agreement with the bank has been filed in this proceeding as Exhibit B, a copy of the promissory note as Exhibit C, a copy of the preferred mortgage as Exhibit D, and a copy of the assignment as Exhibit E.

A review of applicant's financial statements on file with the Commission shows its revenues and expenses for the last two calendar years and for the first eight months of 1952 as follows:

	<u>1950</u>	<u>1951</u>	<u>8 Months 1952</u>
Revenues	\$1,282,959	\$1,384,033	\$822,301
Expenses, excluding income taxes	<u>1,160,007</u>	<u>1,286,700</u>	<u>705,934</u>
Balance	122,952	97,333	116,367
Federal income taxes	<u>41,000</u>	<u>48,710</u>	<u>60,511</u>
Net profit	<u>\$ 81,952</u>	<u>\$ 48,623</u>	<u>\$ 55,856</u>

Applicant's financial position as of August 31, 1952, is indicated in the following balance sheet:

Assets

Current assets -		
Cash	\$143,181.15	
Accounts receivable	<u>97,475.23</u>	
Total current assets		\$ 240,656.38
Property and equipment, less		
related reserves		924,213.52
Investment securities		321.00
Deferred debits		<u>39,210.93</u>
	Total	<u>\$1,204,501.83</u>

Liabilities and Net Worth

Notes and accounts payable		\$ 198,169.43
Capital and surplus -		
Capital stock	\$460,330.00	
Paid in surplus	423,138.72	
Earned surplus	6,496.65	
Profit and loss (before provision		
for federal taxes)	<u>116,367.03</u>	
Total capital and surplus		<u>1,006,332.40</u>
	Total	<u>\$1,204,501.83</u>

Federal income taxes up to August 31, 1952, are estimated by applicant at \$60,510.86. This amount is not included in the liabilities set forth on the preceding balance sheet.

Upon the basis of the information contained in the verified application and in the financial statements, it appears that applicant has need for the funds to be obtained through the issue of the note for the purpose set forth in this proceeding.

ORDER

The Commission having considered the above entitled matter, and being of the opinion that a public hearing is not necessary, that the application should be granted, as herein provided; that the money, property or labor to be procured or paid for by the issue of the note herein authorized is reasonably required by applicant for the purpose specified herein; and that such purpose is not, in whole or in part, reasonably chargeable to operating expenses or to income; therefore,

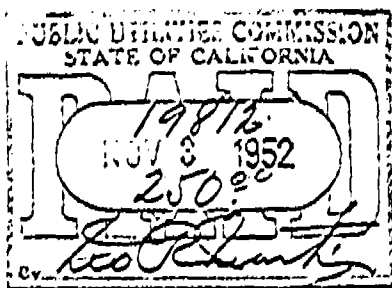
IT IS HEREBY ORDERED as follows:

1. The River Lines, Inc., on and after the effective date hereof and on or before October 31, 1953, may issue a promissory note in the principal amount of not exceeding \$250,000 for the purpose of financing the cost of the new barge to which reference is made in this proceeding, and may execute an agreement with The Anglo California National Bank of San Francisco, a preferred mortgage and an assignment, all as set forth in this proceeding, which documents shall be in, or substantially in, the same form as those filed with the application.

2. The River Lines, Inc., within sixty (60) days after exercising the authority herein granted, shall file with the Commission a copy of the note, a copy of the mortgage, and a copy of the assignment as executed, together with a statement showing the purpose for which it expended the proceeds received through the issue of said note.

3. The authority herein granted will become effective when The River Lines, Inc. has paid the fee prescribed by Section 1904(b) of the Public Utilities Code, which fee is two hundred fifty (\$250.00) dollars.

Dated at San Francisco, California, this 3rd day of November, 1952.



R. J. Dunning
President

James F. Cramer
Harold K. Kula

Samuel P. Pott
John E. McNeill
Commissioners