

Decision No. 50595

**ORIGINAL**

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 mortgages )  
upon two vessels, (3) to assign con- )  
tract for construction of vessel, and )  
(4) to enter into a contract to exe- )  
cute note, mortgages and assignment. )  
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Application  
No. 36520

O P I N I O N

The River Lines, Inc., applicant herein, is a California corporation engaged in the transportation of property by water on San Francisco Bay and on the Sacramento and San Joaquin rivers and their tributaries. It has filed this application for authorization to issue a note in the principal amount of \$250,000 and to execute two preferred mortgages, an assignment and a contract.

The purpose of the proposed transaction is to finance the cost of additional equipment. Applicant reports that presently it uses six oil barges in its operations and that it has found it necessary to acquire still another barge in order to handle the oil tonnage which is offered to it. It therefore is about to enter into a contract with a ship building firm for the construction of a molded steel hull bulk oil barge having a capacity of approximately 27,000 barrels, an overall length of approximately 254 feet, a beam of approximately 54 feet and a depth of approximately 12 feet. The total estimated cost is reported at \$250,000.

The application shows that applicant has entered into an agreement with The Anglo California National Bank of San Francisco

under which said bank agrees to loan the sum of not to exceed \$250,000, the sum to be represented by a note payable in 60 equal monthly installments with interest at the rate of 4-1/2% per annum, payment to be secured by a preferred mortgage on the barge, a preferred mortgage on one of its present oil barges, and by an assignment of its right, title and interest in the contract for the construction of the barge. Applicant reports that it will be unable to meet the construction cost of the new equipment without borrowing said sum.

Exhibit B filed in this proceeding shows applicant's assets, liabilities and capital as of September 30, 1954. A summary of the same is as follows:

Assets

Current assets -		
Cash	\$ 39,150.20	
Accounts receivable	<u>102,721.86</u>	
Total current assets		\$ 141,872.06
Property and equipment, less reserves		1,355,808.58
Investment securities		321.00
Deferred debits		<u>35,063.07</u>
	Total	<u>\$1,533,064.71</u>

Liabilities and Capital

Current liabilities -		
Notes payable	\$382,103.62	
Accounts payable	<u>68,648.93</u>	
Total current liabilities		\$ 450,752.55
Capital -		
Common stock	460,330.00	
Surplus and other credits	<u>621,982.16</u>	<u>1,082,312.16</u>
	Total	<u>\$1,533,064.71</u>

A review of applicant's financial statements shows its reported operating revenues for the year 1953 in the amount of \$1,200,677 and its net income at \$68,467, after making provision for income taxes and depreciation, and for the first nine months of 1954 operating revenues of \$866,231, with profit of \$44,290, after

making provision for income taxes and depreciation. Applicant's annual depreciation charges have aggregated approximately \$90,000.

Upon the basis of the representations made in this proceeding and upon a review of applicant's financial reports, it appears to us that applicant will have need for the funds to be obtained through the issue of the note for the purpose of financing the cost of the new equipment, that its revenues should be sufficient to service its proposed borrowing, and that an order should be entered granting its request.

O R D E R

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. is authorized to issue a promissory note in the principal amount of not exceeding \$250,000 for the purpose of financing the cost of a new barge and to execute an agreement with The Anglo California National Bank of San Francisco, two preferred mortgages and an assignment of its right, title and interest in the contract for the construction of said barge, all as set forth in this proceeding, which documents shall be in, or

substantially in, the same form as those filed with the application herein.

2. Within 90 days after exercising the authority herein granted, The River Lines, Inc. shall file with the Commission a copy of the note, a copy of each 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 \$250.00.

Dated at San Francisco, California, this 28<sup>th</sup> day of December, 1954.

*John E. [Signature]*  
President

*Justus J. Galles*  
*Lawrence Patten*  
*Raymond [Signature]*

Commissioners

