

ORIGINAL

Decision No. 54533

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 to
guaranty payment of a note.

Application No. 38757

O P I N I O N

This is an application for an order of the Commission authorizing The River Lines, Inc., to guaranty payment of a note of Sacramento Barge Company in the principal amount of \$170,000.

The application shows that Sacramento Barge Company has entered into a contract with a shipbuilding firm for the construction of one moulded steel hull barge capable of carrying about 25,000 barrels of bulk oil, and estimated to cost approximately \$340,000. In order to obtain funds to finance the cost of the barge Sacramento Barge Company proposes to issue stock to applicant for \$170,000 cash, and to issue to Crocker-Anglo National Bank of San Francisco a note in the principal amount of not exceeding \$170,000 payable in 60 equal monthly installments with interest on unpaid principal at the rate of five per cent per annum. As security for the payment of such note, Sacramento Barge Company will execute a preferred mortgage upon the barge. By way of giving further security applicant proposes to execute and deliver to such bank its guaranty of the loan.

It appears that applicant will be the owner of all the capital stock of Sacramento Barge Company and has an interest in enabling such company to obtain adequate financing for the construction of a new bulk oil barge which will be available for use in

applicant's business. Applicant believes that Sacramento Barge Company will be able to repay the loan out of its earnings. Moreover, the loan will be fully secured by the preferred mortgage on the barge, and it appears unlikely that applicant will be subjected to liability under its guaranty which will be executed solely to meet the requirements of the lending institution.

From a review of the verified application it appears that the issuance of the note referred to in this application is necessary to finance, in part, the cost of constructing the new barge. Accordingly, an order will be entered granting the request of applicant.

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 and that the application should be granted; therefore,

IT IS HEREBY ORDERED as follows:

1. The River Lines, Inc., may execute a continuing guaranty in, or substantially in, the same form as that filed in this proceeding as Exhibit C, guaranteeing payment of an indebtedness of Sacramento Barge Company in the principal amount of not exceeding \$170,000 incurred for the purpose set forth in this application.

2. The authority herein granted will become effective upon the date hereof.

Dated at San Francisco, California, this 17th day of February, 1957.

Peter E. Mitchell President
Samuel Winterman
Mark H. ...
E. ...

Commissioners