

Decision No. 57481**ORIGINAL**

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of AVALON NAVIGATION
COMPANY to Increase Encumbrance
on Franchised Equipment M.V.
"Magic Isle."

Application No. 40475

OPINION AND ORDER

This is an application for an order of the Commission authorizing Avalon Navigation Company to execute a preferred marine mortgage and to issue a 6% note in the principal amount of \$38,000 payable to Bank of America National Trust and Savings Association over a period of five years, for the purpose of financing and refinancing capital expenditures incurred in connection with its vessel M. V. Magic Isle.

As of September 28, 1958, applicant reports assets, liabilities and capital as follows:

<u>Assets</u>	
Current assets	\$ 4,620.63
Fixed assets	82,024.24
Other assets	<u>6,193.47</u>
Total	<u>\$92,838.34</u>
<u>Liabilities and Capital</u>	
Notes payable proposed to be refinanced by authority of this decision	\$25,702.01
Taxes payable	1,225.12
Accounts payable	11,425.59
Loans payable for which stock is proposed to be issued	51,256.86
Retained earnings	<u>3,228.76</u>
Total	<u>\$92,838.34</u>

In Decision No. 55329, dated July 30, 1957, the Commission commented upon applicant's intention to issue and sell shares of its stock stating "No shares have been sold or issued to date but the company is preparing an application before this Commission requesting authority to sell a portion of its stock." In spite of the fact that more than a year has elapsed since applicant commenced preparing such an application, it has not filed it with this Commission.

Although applicant's financial statement shows a heavy burden of indebtedness, which might cause the Commission to question the advisability of further increases in this form of financing, we note that the bank is willing to make the loan to applicant. Under these conditions we will not substitute our judgment for the bank or for applicant's management by withholding approval of the proposed financing.

We have considered this matter and are of the opinion that a public hearing is not necessary; that the application should be granted; 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 purposes specified herein; and that such purposes are not, in whole or in part, reasonably chargeable to operating expenses or to income; NOW THEREFORE,

IT IS HEREBY ORDERED as follows:

1. Avalon Navigation Company, a corporation, on and after the effective date hereof and on or before March 31, 1959, may execute a preferred marine mortgage and may issue a note in the

principal amount of not exceeding \$38,000 for the purposes set forth in this application, which mortgage and note shall be in, or substantially in, the same form as those described in this proceeding.

2. Within 30 days after issuing the note herein authorized, applicant shall file with the Commission a copy thereof as actually issued.

3. The authority herein granted will become effective when Avalon Navigation Company has paid the fee prescribed by Section 1904(b) of the Public Utilities Code, which fee is \$38.

Dated at San Francisco, California, this 15th day of October, 1958.

E. L. Fox
President

D. E. McMillin

Raymond A. ...

Walter D. ...

Theodore J. ...
Commissioners

