

ORIGINAL

Decision No. 57847

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of:

(a) BALBOA ISLAND FERRY, a corporation, to purchase and J. A. BEEK, an individual doing business as BALBOA ISLAND FERRY, to sell, a Certificate of Public Convenience and Necessity for the operation of a ferry line upon the waters of Newport Bay.

(b) J. A. BEEK, an individual doing business as BALBOA ISLAND FERRY, to sell and BALBOA ISLAND FERRY, a corporation, to purchase all of the property and assets of J. A. BEEK used or useful in the operation of said ferry line.

(c) BALBOA ISLAND FERRY to issue shares of its Common Stock in exchange for the property and assets of said ferry line.

Application
No. 40683

O P I N I O N

This is an application for an order of the Commission authorizing J. A. Beek, an individual doing business as Balboa Island Ferry, to transfer his carrier by water operation to Balboa Island Ferry, a corporation, and for the corporation to issue shares of its capital stock.

It appears that by Decision No. 22747, dated August 5, 1930, in Application No. 16668, the Commission granted to J. A. Beek a certificate of public convenience and necessity authorizing him to engage in the transportation of persons and property as a common carrier over the waters of Newport Bay and that J. A. Beek has continued to conduct such operations since that time. Annual reports

on file with the Commission show that during 1957 J. A. Beek reported operating revenues of \$101,172.10 and net income of \$4,832.39 and as shown in Exhibit B attached to the application, for the nine months ended September 30, 1958, operating revenue of \$90,516.27 and net income of \$4,141.72.

The present application shows that J. A. Beek desires to continue his operations under a corporate form of organization, that on September 8, 1953, there was organized Balboa Island Ferry, a corporation, and that he proposes to transfer his operative rights and other assets which are used in the operation of the ferry line to the corporation in exchange for 300 shares of the corporation's \$100 par value common stock.

A statement of the assets and liabilities of the enterprise, as of October 1, 1958, follows:

Assets

Cash		\$ 1,306.36
Materials and supplies		650.00
Depreciable properties	\$153,347.71	
Less: Reserve for depreciation	<u>51,894.46</u>	101,453.25
Leasehold improvements		200.00
Prepaid insurance		1,786.71
Intangibles		<u>50.00</u>
Total Assets		<u>\$105,446.32</u>

Liabilities

Current liabilities	\$ 3,716.06
Net worth	<u>101,730.26</u>
Total Liabilities	<u>\$105,446.32</u>

Upon conclusion of the proposed transfer which will become effective for accounting purposes as of December 31, 1958, the corporation will have outstanding \$30,000 par value of its capital stock. It will assume the then current liabilities of the

present operation and under applicable accounting requirements will credit Premiums on Capital Stock with an amount representing the difference between the net assets acquired, the current liabilities assumed and the \$30,000 par value of capital stock.

Upon a review of the application, it appears that there will be no change in the service to the public as a result of the transfer and accordingly we are of the opinion that the proposed transaction will not be adverse to the public interest and that it should be authorized.

Applicants are hereby placed on notice that operative rights, as such, do not constitute a class of property which may be capitalized or used as an element of value in rate fixing for any amount of money in excess of that originally paid to the State as the consideration for the grant of such rights. Aside from their purely permissive aspect, they extend to the holder a full or partial monopoly of a class of business over a particular route. This monopoly feature may be changed or destroyed at any time by the State, which is not in any respect limited as to the number of rights which may be given.

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 as herein provided; therefore,

IT IS HEREBY ORDERED as follows:

1. J. A. Beek may transfer his operative rights as referred to in the preceding opinion and his equipment and other assets to Balboa Island Ferry, a corporation, and Balboa Island


Ferry, a corporation, in acquiring the same may issue, not to exceed \$30,000 par value of its capital stock, it being the opinion of the Commission that the money, property or labor to be procured or paid for by the issue of said stock is reasonably required for the purpose indicated herein, and that such purpose is not, in whole or in part, reasonably chargeable to operating expenses or to income.

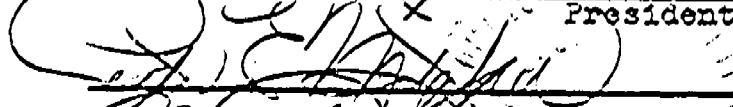
2. On not less than five days' notice to the Commission and to the public, effective concurrently with the consummation of such transfer, applicants shall supplement or reissue the tariffs on file with the Commission naming rates, rules and regulations governing the common carrier operations here involved to show that J. A. Beek, an individual, doing business as Balboa Island Ferry, has withdrawn or canceled and Balboa Island Ferry, a corporation, has adopted or established as its own, said rates, rules and regulations.

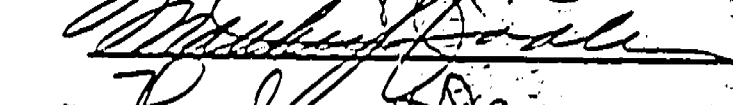
3. Balboa Island Ferry, a corporation, shall file with the Commission a report, or reports, as required by General Order No. 24-A, which order, insofar as applicable, is made a part of this order.


4. The authority herein granted will become effective on the date herein and if not exercised will expire on June 30, 1959.

Dated at San Francisco, California, this 13th day of January, 1959.



President






Commissioners