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ORIGINAL

Decision No. _____

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of O. J. HALL, an individual, to transfer operating rights and property to SAN DIEGO MARINE CONSTRUCTION CO., a California corporation, and a SAN DIEGO MARINE CONSTRUCTION CO., a California corporation, to issue evidences of indebtedness in the sum of a promissory note and preferred fleet mortgage.

Application No. 44082
Filed January 5, 1962

O P I N I O N

This is an application for an order of the Commission authorizing the transfer of operative rights and equipment of Oakley J. Hall to San Diego Marine Construction Co., a corporation.

The application shows that Oakley J. Hall, doing business as Star & Crescent Boat Company, has been engaged in operating vessels on San Diego Bay; that because of the growth in the San Diego area he concluded that the operations could be conducted more efficiently by a corporation with greater resources than he has; that he made arrangements to sell and transfer to San Diego Marine Construction Co., a corporation, his operative rights and equipment consisting of eight vessels and appurtenances belonging thereto; and that on or about March 1, 1961, he did so sell and transfer such rights and equipment.

The agreed price to be paid by the purchaser was \$1,066,452.68 with a cash payment of \$50,000.00 and a note for \$1,016,452.68, secured by a preferred mortgage covering the vessels, bearing no interest, and being payable in monthly installments of \$1,500.00, or more, commencing April 1, 1961, and continuing up to and including March 1, 1965, and thereafter in monthly installments of \$5,000.00, or more.

Applicants did not obtain from the Commission authorization for the transfer of the operative rights and equipment nor for the execution of the mortgage and note. It appears, however, that their failure to do so was through inadvertence and with no intent to evade the provisions of the Public Utilities Code. When the requirements of the code were called to applicants' attention, they forthwith filed the above-entitled application and requested the Commission's approval as of March 1, 1961.

A review of this matter shows that San Diego Marine Construction Co. is a California corporation which has been engaged for many years in servicing, repairing and operating vessels in the San Diego Bay area; that it has the financial resources to take over and continue the public service obligations of Oakley J. Hall; and that it has met all the monthly payments required of it under the terms of the promissory note. We are of the opinion and so find and conclude that the transfer of the operative rights and equipment to San Diego Marine

Construction Co. and the operation of the same by that corporation are not adverse to the public interest and we will enter our order authorizing the sale and transfer. However, we cannot, by an order issued at this time, approve or ratify the prior execution of the mortgage and the issue of the note without the required Commission approval and it will be necessary for the purchaser to execute new documents after the order herein becomes effective in lieu of those heretofore executed. It will be satisfactory for applicants for accounting purposes to record the sale and transfer on their books as of March 1, 1961.

The authorization herein granted is not to be construed as a finding of value of the operative rights and equipment authorized to be transferred.

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 money, property or labor to be procured or paid for by the issue of the note herein authorized is reasonably required 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 ORDERED that -

1. Oakley J. Hall may sell and transfer his operative rights and equipment as set forth and described in this application to San Diego Marine Construction Co., a corporation. Such sale and transfer for accounting purposes may be made effective as of March 1, 1961.

2. San Diego Marine Construction Co., in part payment for such rights and equipment, may execute a preferred mortgage and may issue a promissory note in the principal amount of not to exceed \$1,016,452.68, in lieu of the instruments heretofore executed without Commission authorization, such mortgage and note to be in the same form, or substantially in the same form, as those filed in this proceeding.

3. Within sixty days after the effective date of this order and on not less than ten days' notice to the Commission and to the public, applicants shall amend or reissue the tariffs on file with the Commission in the name of Oakley J. Hall, dba Star and Crescent Boat Co., to show that Oakley J. Hall has withdrawn or canceled, and that San Diego Marine Construction Co., a corporation, concurrently has adopted or established as its own the rates, rules and regulations of Oakley J. Hall.

4. San Diego Marine Construction Co. 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.

5. The authority herein granted shall become effective when San Diego Marine Construction Co. has paid the fee prescribed by Section 1904(b) of the Public Utilities Code, which fee is \$1,009.00.

Dated at San Francisco, California,
this 6th day of FEBRUARY, 1962.

Charles W. Page
President

John E. Mitchell

D. Lynn Fox

George H. Trover

Fredrick B. Halbach
Commissioners

