

ORIGINAL

Decision No. 68312

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application)
of CATALINA TRANSPORTATION CO.,)
a California corporation, for)
authority to sign promissory)
notes and to issue preferred)
ship's mortgages.)

Application No. 47117
Filed November 12, 1964

O P I N I O N

This is an application for an order of the Commission authorizing Catalina Transportation Co. to execute preferred mortgages and to issue promissory notes aggregating \$510,000.

Applicant is a California corporation organized on or about January 9, 1964. In Decision No. 67166, dated April 28, 1964, in Application No. 46250, the Commission found that the company is a public utility. It was authorized to issue \$150,000 par value of common stock and a \$400,000 note, and to use the proceeds for purchasing the S.S. Catalina and three motor cruisers for a total price of \$550,000. Applicant reports that the S.S. Catalina has been in service between the mainland and Catalina Island since 1924 and that the motor cruisers have operated between said points for more than eight years.

The application shows that expenditures of \$235,268.04 have been made on the S.S. Catalina in order to meet Coast Guard requirements and to improve and modernize the vessel. Applicant asserts that \$157,768.04 of the

amount expended represents capital additions and betterments. In this proceeding the company seeks authority to issue three promissory notes in the aggregate principal amount of \$510,000 in favor of Farmers & Merchants Bank of Long Beach. It proposes to apply part of the proceeds toward discharging the 7% note in the amount of \$400,000 authorized by said Decision No. 67166 and to use the balance for paying a portion of the cost of the previously mentioned additions and betterments. The proposed notes will each bear interest at the rate of 6-1/2% per annum payable quarterly and will be secured by preferred mortgages on vessels. Principal on said notes will be repayable annually in amounts aggregating \$93,000 for each of the first three installments, \$103,000 for the fourth, and \$128,000 for the fifth and final payment.

The Commission has considered this matter and finds that: (1) the proposed note issues are for proper purposes; (2) the money, property or labor to be procured or paid for by the issue of the notes herein authorized is reasonably required for the purposes specified herein; and (3) such purposes are not, in whole or in part, reasonably chargeable to operating expenses or to income. On the basis of these findings we conclude that the application should be granted. A public hearing is not necessary.

O R D E R

IT IS ORDERED that:

1. Catalina Transportation Co., on or after the effective date hereof and on or before February 28, 1965, may issue promissory notes in the aggregate principal amount of not to exceed \$510,000 for the purposes specified in this proceeding, and may execute preferred mortgages, which documents shall be in the same form, or in substantially the same form, as those attached to the application.
2. Catalina Transportation Co. shall file with the Commission a report, or reports, as required by General Order No. 24-B, which order, insofar as applicable, is hereby made a part of this order.
3. This order shall become effective when Catalina Transportation Co. has paid the fee prescribed by Section 1904(b) of the Public Utilities Code, which fee is \$110.

Dated at San Francisco, California,
this 9th day of December, 1964.

Fredrick B. Holdcroft
President
George H. Hoover
William C. Bennett

Commissioners

Commissioner Peter E. Mitchell, being necessarily absent, did not participate in the disposition of this proceeding.
Commissioner Everett C. McKeage, being necessarily absent, did not participate in the disposition of this proceeding.

