

ORIGINAL

Decision No. 71168

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of CATALINA ISLAND)
 SIGHTSEEING LINES to transfer)
 its prescriptive operative right)
 as a common carrier of freight)
 by vessel and operating property)
 used and useful therein; and of)
 CATALINA FREIGHT LINE to acquire)
 said prescriptive operative)
 right and property and to)
 issue its capital stock.)

Application No. 48653
Filed July 25, 1966

O P I N I O N

This is an application for an order of the Commission authorizing Catalina Island Sightseeing Lines to sell and transfer its prescriptive operative right to transport freight as a common carrier by vessel, together with certain related assets, to Catalina Freight Line and authorizing the latter to issue \$25,000 par value of its capital stock.

Catalina Island Sightseeing Lines is a California corporation which, in addition to conducting resort and sightseeing activities, operates as a common carrier by vessel transporting freight between the Port of Los Angeles at Wilmington and Avalon on Santa Catalina Island. Said common carrier freight service utilizes a prescriptive right to perform such service derived from operations originating prior to the year 1911.

In the present proceeding, the company proposes to transfer said prescriptive operative right and certain physical properties to Catalina Freight Line, a California corporation organized on or about June 23, 1966. The application indicates that the operative right is nominally valued at \$100 and that the physical properties, consisting of eleven vans, are fully depreciated. It appears that other operating equipment, such as tugs, barges and terminal facilities now operated by Catalina Island Sightseeing Lines under various leases, either will be assigned to Catalina Freight Line or canceled and rewritten with the latter as lessee.

Catalina Freight Line requests authority to issue and sell 2,500 shares of its \$10 par value capital stock, at par, for \$25,000 cash to Catalina Island Sightseeing Lines. The proceeds will be used to acquire said operative right and physical properties at their total reported value of \$100 and to provide \$24,900 for working capital purposes.

According to the application, the proposed transfer of freight activities will promote economies and improve efficiency of operation.

The Commission has considered this matter and finds that: (1) the proposed transfer will not be adverse to the public interest; (2) the money, property or labor to be procured or paid for by the issue of the stock 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.

In issuing our order herein, we place Catalina Freight Line and its shareholder on notice that we do not regard the number of shares outstanding, the total par value of the shares nor the dividends paid as measuring the return the company should be allowed to earn on its investment in plant and that the authorization herein given is not to be construed as a finding of the value of the company's stock or properties nor as indicative of amounts to be included in proceedings for the determination of just and reasonable rates.

O R D E R

IT IS ORDERED that:

1. On or before December 31, 1966, Catalina Island Sightseeing Lines may sell and transfer, and Catalina Freight Line may purchase and acquire, the prescriptive operative right and related physical property referred to in the application.

2. Catalina Freight Line, on or before December 31, 1966, for the purposes specified in this proceeding, may issue and sell, at par, for cash, not to exceed 2,500 shares of its \$10 par value capital stock.

3. Catalina Freight Line 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.

4. Within thirty days after the consummation of the transfer herein authorized, Catalina Freight Line shall notify the Commission, in writing, of that fact and within said period shall file with the Commission a true copy of any bill of sale or other instrument of transfer which may be executed to effect said transfer.

5. Catalina Freight Line shall amend or reissue the tariffs on file with the Commission, naming rates and rules governing the common carrier operations herein to show that it has adopted or established, as its own, said rates and rules. The tariff filings shall be made effective not earlier than ten days after the date of this order on not less than ten days' notice to the Commission and the public, and the effective date of the tariff filings shall be concurrent with the consummation of the transfer herein authorized. The tariff filings made pursuant to this order shall comply in all respects with the regulations governing the construction and filing of tariffs set forth in the Commission's General Order No. 117.

6. On or before the end of the third month after the consummation of the transfer as herein authorized, Catalina Freight Line shall cause to be filed with the Commission, in such form as the Commission may prescribe, an annual report, or reports, related to the operations of the seller for the period commencing with the first day of the current year to and including the effective date of the transfer.

7. The effective date of this order is the date hereof.

Dated at San Francisco, California, this 23rd day of AUGUST, 1966.

Paul E. ... President
George L. ...
...
...

Commissioners

Commissioner Frederick B. Holoboff, being necessarily absent, did not participate in the disposition of this proceeding.