

Decision No. 22367.

## BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of the )  
                                   HOWARD TERMINAL, )  
 a corporation, to refund by renewal cer- ) Application No. 16471  
 tain outstanding promissory notes. )

MacCutchen, Olney, Mannon and Greene, and  
 Carl I. Wheat, for applicant.

BY THE COMMISSION:

OPINION**ORIGINAL**

In the above entitled matter the Railroad Commission is asked to make its order authorizing Howard Terminal, a corporation, to issue its ninety day promissory notes in the aggregate principal amount of \$80,000.00 and to refund or renew such notes from time to time for a period of five years.

The application shows that Howard Terminal is a corporation organized under the laws of the State of California and engaged, among other things, in the warehouse and wharfinger business as a public utility in the City of Oakland. The company has reported to the Commission that during 1929 its operating revenues, that is, its utility revenues, aggregated \$169,245.75, and its nonoperating revenues \$308,686.12, a total of \$477,931.87. After paying operating expenses, providing for depreciation and making income deductions, it reported net income for the year of \$25,291.68. According to Exhibit "B" attached to the petition, the company during the last five years has paid dividends on its \$250,000.00 of stock outstanding

at the rate of ten percent per annum.

The company reports its assets and liabilities, as of February 28, 1930, as follows:-

<u>A S S E T S</u>			
Fixed capital:			
Property . . . . .	\$181,001.56		
Buildings and construction . . .	541,540.55		
Equipment . . . . .	<u>139,342.99</u>	\$ 861,885.10	
Investments-Howard Terminal Railway . . .			50,000.00
Current assets:			
Cash . . . . .	3,723.63		
Accounts receivable . . . . .	59,538.67		
Materials and supplies . . . . .	<u>795.95</u>	64,058.25	
Prepayments . . . . .			<u>5,741.91</u>
Total assets.....		\$ 981,685.26	

<u>L I A B I L I T I E S</u>			
Capital stock . . . . .		\$ 250,000.00	
Current liabilities:			
Notes payable . . . . .	\$ 91,500.00		
Accounts payable . . . . .	18,404.40		
Matured interest . . . . .	<u>248.83</u>	110,153.23	
Accruals . . . . .		4,199.75	
Reserve for depreciation . . . . .		288,100.25	
Other reserves . . . . .		9,716.20	
Miscellaneous liabilities . . . . .		371.82	
Corporate surplus . . . . .		<u>319,144.01</u>	
Total liabilities.....		\$ 981,685.26	

It appears that during the month of March the company paid \$11,500.00 of its outstanding notes, reducing its note indebtedness to \$80,000.00. This total, it appears, consists of the following notes:-

<u>PAYEE</u>	<u>DATE</u>	<u>DUE</u>	<u>INT.</u>	<u>AMOUNT</u>
Central National Bank of Oakland	Jan.27,1930	Apr.28,1930	6%	\$18,000.
Central National Bank of Oakland	Mch.24,1930	June22,1930	6%	5,000.
Central National Bank of Oakland	Jan.27,1930	Apr.27,1930	6%	3,500.
Central Savings Bank of Oakland	Mch.21,1930	June19,1930	6%	<u>53,500.</u>
Total.....				\$80,000.

The application shows that the indebtedness represented by the \$12,000.00 note was incurred, originally, during 1928, to provide in part the cost of the company's warehouse No. 6, the total cost of which was \$56,202.09. The indebtedness represented by the \$5,000.00 note was incurred in 1928 to pay in part for its warehouses Nos. 1,2 and 5-B, which cost in the aggregate \$63,293.04. The \$3,500.00 note represents money borrowed in 1929 to provide part of the \$44,875.50 used in constructing its warehouse No. 7, while the \$53,500.00 indebtedness goes back to 1925, when the company issued its note to finance in part the cost of property and equipment as follows:-

Pier No. 1 addition . . . . .	\$16,161.02
Office building, warehouse No.4	1,814.89
Wire tying machines . . . . .	6,481.26
Warehouse No. 5-A . . . . .	42,896.06
Tractors and trailers . . . . .	2,295.29
Furniture and fixtures . . . . .	<u>669.82</u>
Total.....	<u>\$70,318.34</u>

The company has renewed the notes originally issued from time to time. It did not obtain the approval of the Railroad Commission of such renewals, or any of them, at any time, and it appears to us that the validity of the notes outstanding might well be questioned. Applicant proposes, however, and herein asks permission, to issue new ninety day notes and thereafter to renew such notes from time to time for a total period of five years, unless the indebtedness be paid prior to the expiration of that time.

#### ORDER

Howard Terminal, a corporation, having applied to the Railroad Commission for permission to issue notes, and the Railroad Commission being of the opinion that this is not a matter in which a public hearing is necessary, and that the money, property or labor

to be procured or paid for through such issue is reasonably required for the purpose specified herein, which purpose is not, in whole or in part, reasonably chargeable to operating expenses or to income,

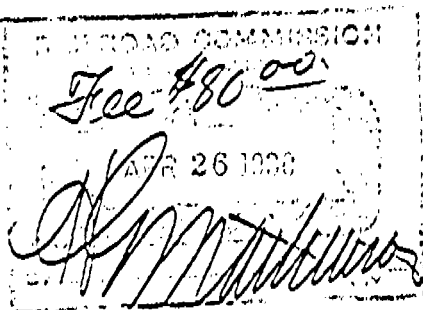
IT IS HEREBY ORDERED that Howard Terminal, a corporation, be, and it hereby is, authorized to issue its unsecured promissory notes in the principal amount of not exceeding \$80,000.00, payable ninety days after date of issue with interest at not exceeding six percent per annum, for the purpose of refunding and/or renewing outstanding indebtedness of like amount, and to refund and/or renew such notes from time to time, wholly or in part, through the issue of new six percent notes, provided that the combined terms of each of the notes herein authorized to be issued and of notes given in the refunding or the renewal thereof, shall not exceed a period of five years from the date hereof.

The authority herein granted is subject to the following conditions:-

(1) Applicant shall keep such record of the issue of the notes herein authorized as will enable it to file, within thirty days after such issue, verified reports, as required by the Railroad Commission's General Order No. 24, which order, insofar as applicable, is made a part of this order.

(2) The authority herein granted will become effective when applicant has paid the fee prescribed by Section 57 of the Public Utilities Act, which fee is Eighty(\$80.00) Dollars.

DATED at San Francisco, California, this 26<sup>th</sup> day of April, 1930.



Fee \$ 28000

[Signature]  
\_\_\_\_\_  
[Signature]  
\_\_\_\_\_  
[Signature]  
\_\_\_\_\_  
Commissioners.