

Decision No. 31553

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA.

In the Matter of the Application of  
MITCHELL SILLIMAN COMPANY  
to execute trust deed and mortgage of  
chattels and issue its note in the  
principal amount of \$20,000.00.

Application No. 22410

BY THE COMMISSION :

O P I N I O N

This is an application by Mitchell Silliman Company, a corporation, for an order authorizing it to sell certain property, to issue a promissory note in the principal amount of \$20,000.00 and to execute a deed of trust and mortgage of chattels.

It appears that Mitchell Silliman Company is a corporation organized and existing under the laws of the State of California and now engaged in the public utility warehouse business in Salinas and Camphora and in certain grain and bean cleaning, merchandising and other non-utility activities. For the year 1937 it reports storage revenues at \$5,609.78 and other revenues at \$63,053.28, making a total of \$68,663.06, and expenses of \$50,141.16, leaving a balance available for interest, dividends and surplus of \$18,521.90.

As of December 1, 1938 applicant reports its assets and liabilities as follows:-

A S S E T S

Warehouse real property	\$ 4,242.27	
Buildings	<u>57,197.50</u>	\$61,439.77
Warehouse real property-new location	\$ 4,500.00	
Buildings-new location	<u>13,904.96</u>	18,404.96
Machinery		19,598.29
Other property		20,574.66
Cash on hand and in bank		784.25
Merchandise inventory		5,228.56
Accounts receivable		<u>81,169.36</u>
Total . . . . .		<u>\$207,199.85</u>

LIABILITIES

Capital stock	\$50,000.00
Notes payable	42,200.00
Accounts payable	41,053.80
Depreciation reserve	41,473.22
Surplus	32,472.83
Total	<u>\$207,199.85</u>

During 1938 the company entered into an agreement (Exhibit F) to sell to Wallace James Ahtye and Lily I. Ahtye for \$37,500.00 certain property in the City of Salinas, where it has been conducting its operations, and purchased for \$18,404.96 other property and buildings in which it plans to continue its Salinas operations. It reports in this application that it finds it necessary to expend \$20,000.00 for further improvement as follows:-

Purchase and installation of one 40-ton 60-foot scale	\$ 5,000.00
Construction of scale house and office	2,500.00
Drilling well, installing pressure system for fire protection	1,500.00
Construction of mill section and additional warehouse space	10,000.00
Paving roadway leading to warehouse	1,000.00
Total	<u>\$20,000.00</u>

The company desires to borrow the necessary funds from Monterey County Trust and Savings Bank and to issue its note dated December 2, 1938 for \$20,000.00 payable in annual installments of \$2,000.00 on December 2 of each year with interest at the rate of six per cent. per annum. It desires to secure the payment of the note through the execution of a deed of trust and of a mortgage of chattels (Exhibit A).

With the acquisition of the new property and the construction of the proposed improvements applicant alleges that the presently operated properties which it has arranged to sell will no longer be useful or necessary in its business as a public utility. However, the agreement for the sale of said properties (Exhibit F) provides for

applicant to obtain the consent and approval of the Commission for such sale. Accordingly, the company has requested the Commission to include in its order in this proceeding authorization to consummate such sale.

The order herein will so provide.

O R D E R

Mitchell Silliman Company having applied to the Railroad Commission for an order authorizing it to sell property, to issue a note and to execute a deed of trust and a mortgage of chattels, and the Commission being of the opinion that this is not a matter in which a public hearing is necessary, that the application should be granted, as herein provided, and that the money, property or labor to be procured or paid for through the issue of the note is reasonably required for the purposes specified herein and that the expenditures for such purposes are not, in whole or in part, reasonably chargeable to operating expenses or to income, therefore,

IT IS HEREBY ORDERED that Mitchell Silliman Company be, and it hereby is, authorized to sell to Wallace James Ahtye and Lily I. Ahtye the property referred to in the agreement dated August 17, 1938, filed as Exhibit F, such sale to be in accordance with the terms and conditions of said agreement.

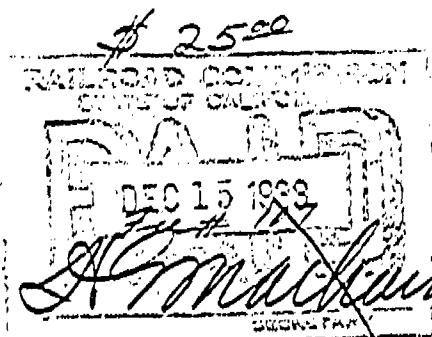
IT IS HEREBY FURTHER ORDERED that Mitchell Silliman Company be, and it hereby is, authorized to issue a note in the principal amount of \$20,000.00 payable in annual installments of \$2,000.00 with interest at the rate of six per cent. per annum for the purpose of financing the cost of the improvements described in Exhibit E and referred to in the opinion preceding this order.

IT IS HEREBY FURTHER ORDERED that Mitchell Silliman Company be, and it hereby is, authorized to execute a deed of trust and a mortgage of chattels in or substantially in the same form as those filed with the application herein as Exhibit A, provided that the authority herein granted to execute a deed of trust and a mortgage of chattels is for the purpose of this proceeding only and is given only insofar as this Commission has jurisdiction under the terms of the Public Utilities Act, and is not intended as an approval of said deed of trust and said mortgage of chattels as to such other legal requirements to which they may be subject.

IT IS HEREBY FURTHER ORDERED that Mitchell Silliman Company shall keep such record of the issue of the note herein authorized and of the disposition of the proceeds as will enable it to file on or before the 25th day of each month a verified report, as required by the Railroad Commission's General Order No. 24-A, which order, insofar as applicable, is made a part of this order.

IT IS HEREBY FURTHER ORDERED that the authority herein granted will become effective when applicant has paid the minimum fee prescribed by Section 57 of the Public Utilities Act, which minimum fee is Twenty-five (\$25.00) Dollars.

DATED at San Francisco, California, this 12<sup>th</sup> day of December, 1938.



*Robert W. ...*  
*Leon ...*  
*Green ...*  
*Robert ...*  
*J. M. Mackinnon*  
Commissioners.