

Decision No. 24031

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

IN THE MATTER OF THE APPLICATION
OF T. E. BROWN, an individual
doing a general warehouse business
in the County of Yolo, State of
California, under the firm name
and style of WOODLAND WAREHOUSES,
for permission to execute a note
and deed of trust on his public
utility property.

ORIGINAL

Application No. 24031

BY THE COMMISSION:

OPINION AND ORDER

This is an application by T. E. Brown for an order authorizing the execution of a deed of trust and the issue of a note.

T. E. Brown, operating under the firm name and style of Woodland Warehouses, is engaged in the public utility warehouse business in Woodland, primarily for the storage of grain and rice, and in certain nonutility activities. His financial statement attached to his petition shows his assets and liabilities as of June 30, 1940, as follows:

Assets

Land, buildings and equipment	\$ 90,327.17
Other investments	4,836.54
Cash on hand and in bank	4,108.94
Accounts receivable	6,843.75
Accrued storage	12,142.79
Merchandise	803.40
Prepaid interest	73.86
Total assets	<u>\$119,136.45</u>

Liabilities

Mortgages or liens on real estate	\$ 10,773.24
Notes payable	4,862.48
Accounts payable	33.73
Other liabilities	40.66
Deferred credits	3,000.00
Net worth	<u>100,426.34</u>
Total liabilities	<u>\$119,136.45</u>

Applicant at one time was engaged in business with one Dennis Collins. During 1935, pursuant to authority granted by the Commission by Decision No. 27806, dated March 11, 1935, he acquired the interest of Dennis Collins in the properties he now operates, and issued a promissory note in the amount of \$11,689.81, and assumed the payment of certain indebtedness, reported at that time in the amount of \$17,966.

The present application shows that during 1940 the note to Dennis Collins had been reduced to \$2,839.81, the indebtedness assumed to \$8,362.46, and that applicant made arrangements with the Capital National Bank of Sacramento to consolidate the unpaid balances into one loan. On or about the same time, he arranged to borrow from the same bank the additional sum of \$20,000 to finance the cost of a rice drying plant. Such sum and the unpaid balances due on the utility loans issued or assumed, as aforesaid, were consolidated into one note for \$30,000, dated as of July 22, 1940. The note is payable at the rate of \$500.00 per month with interest at the rate of 6% per annum. The whole of said principal sum and interest is payable on July 22, 1942. The payment of the note is secured by a deed of trust upon all of applicant's real property, including the property used in his public utility operations.

The Commission did not authorize the execution of the deed of trust and the note dated July 22, 1940. Although a larger portion of the indebtedness represents moneys borrowed for nonutility purposes, the deed of trust securing its payment includes public utility properties among those proposed to be subjected to the lien thereof, and the note was designed, in part, to renew indebtedness incurred for the purchase of public utility properties. It is our opinion, therefore, that applicant should have received the authorization of this Commission before he attempted to place the lien on the public utility warehouse properties or to issue the long-term note.

However, it clearly appears that applicant's failure to obtain such authorization was through inadvertence and with no intent to evade the provisions of the Public Utilities Act. When his attention was called to the provisions of the act, he forthwith filed the present application.

The Commission has considered this matter and is of the opinion that a public hearing is not necessary, and that the request of applicant should be granted, as herein provided, therefore,

IT IS HEREBY ORDERED that T. E. Brown be, and he hereby is, authorized to execute a deed of trust and to issue a note in the principal amount of \$30,000 for the purpose of renewing outstanding indebtedness and of financing the cost of additional property, such deed of trust and note to be in, or substantially in, the same form as the deed of trust and note filed in this proceeding.

IT IS HEREBY FURTHER ORDERED that the authority herein granted to execute a deed of trust and to issue a note is for the purpose of this proceeding only and is granted 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 note as to such other legal requirements to which they may be subject.

IT IS HEREBY FURTHER ORDERED that 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 Twenty eight (\$28.00) Dollars.

Dated at San Francisco, California, this 15th day of March, 1941.

[Signature]
[Signature]
Justin P. Cooney
Francis D. Havenner
Commissioners

