

Decision No. 24068

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA.

ORIGINAL

In the Matter of the Application of
CHARLES L. EAST
for an order authorizing the execution
and renewal of chattel mortgage.

Application No. 24068

BY THE COMMISSION:

O P I N I O N

Charles L. East, engaged in the business of operating an electric power and light system in the southern portion of Humboldt County, California, asks permission to issue a note for the sum of \$34,946.10 and execute a chattel mortgage and a real property mortgage to secure the payment of such note. In Exhibit C, Charles L. East reports assets and liabilities as follows:

<u>Assets</u>	
Fixed capital: - rights of way, transmission, distribution, general and miscellaneous	\$80,231.69
Less accrued depreciation	8,947.29
Net fixed capital	71,284.40
Cash	105.80
Accounts receivable	2,300.97
Prepaid expenses	236.94
Total Assets	<u>\$73,928.11</u>

<u>Liabilities</u>	
Accounts payable	4,650.03
Contracts payable	1,256.90
Accrued taxes	13.78
Consumers' deposits	137.50
Note payable to Charles C. Falk, Sr.	34,946.10
Proprietor's investment	32,923.80
Total Liabilities	<u>\$73,928.11</u>

For 1940, Charles L. East reports operating revenues of \$18,203.72. His gross income for 1940, that is, the amount avail-

able for the payment of interest and surplus, was \$5,045.38.

Applicant asks permission to issue to Charles C. Falk, Sr. a note for \$34,946.10 payable seven years after date with interest at the rate of 7% per annum, payable monthly on or before the fifteenth day of each month. A copy of the note is filed in this proceeding as Exhibit A. We have considered the form of the note and believe that its terms should be modified so that it will be payable on or before seven years after date at the option of Charles L. East.

Applicant has filed as Exhibit B, a copy of his proposed chattel mortgage and real property mortgage which he desires to execute to secure the payment of said note. The mortgage, as drawn, secures not only the payment of the \$34,946.10 note but also the payment of such additional amounts as Charles C. Falk, Sr. may advance to Charles L. East, and "the payment of any other indebtedness or obligation of the mortgagors (Charles L. East and Dorothy F. East, his wife) or either of them and for all present or future demands of any kind or nature, which the mortgagee (Charles C. Falk, Sr.) or his successors may have against the mortgagors, whether created directly or acquired by assignment, whether absolute or contingent, whether due or not, or whether otherwise secured or not, or whether existing at the time of the execution of this instrument, or arising thereafter."

We will not authorize applicant to execute a mortgage to secure the payment of any indebtedness other than the said \$34,946.10 note herein authorized to be issued plus the payment of any other evidences of indebtedness which the Commission may hereafter authorize applicant to issue. The provision of the mortgage beginning with the words, "as security," on page 2 of Exhibit B,

and ending with the words, "notes contained" on page 3 of Exhibit B, should be revised to read as follows:

"As security for the payment to said mortgagee of the sum of Thirty Four Thousand, Nine Hundred and Forty-six Dollars and Ten Cents (\$34,946.10) in lawful money of the United States of America, on or before the 15th day of February, 1948, at the option of said mortgagors, with interest thereon at the rate of 7% per annum according to the terms of that certain promissory note made, executed and delivered by said mortgagors to said mortgagee, dated the 15th day of February, 1941, payable on or before the 15th day of February, 1948, at the option of said mortgagors, in the principal sum of Thirty Four Thousand, Nine Hundred and Forty-six Dollars and Ten Cents (\$34,946.10) with interest thereon at the rate of 7% per annum, payable monthly; and as security for the payment of such additional evidences of indebtedness as the Railroad Commission of the State of California may hereafter authorize the mortgagors to issue and as security for the performance of every obligation, covenant, promise or agreement herein or in said note or other evidences of indebtedness contained."

If the note and mortgage are revised in accordance with this opinion we have no objection to their execution.

O R D E R

The Commission having considered the requests of Charles L. East and it being of the opinion that this is not a matter on which a hearing is necessary, that the money, property or labor to be procured or paid for by the issue of the note herein authorized is reasonably required for the purpose herein stated and that the expenditures for said purpose are not, in whole or in part, reasonably chargeable to operating expenses or to income, and that this application should be granted subject to the provisions of this order, therefore

IT IS HEREBY ORDERED as follows:

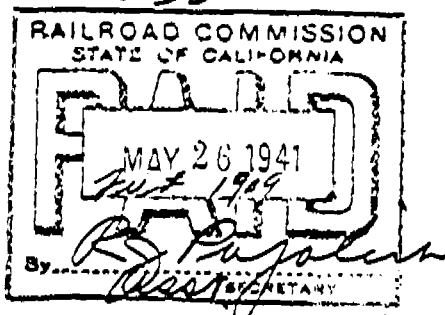
1. Charles L. East may, after the effective date hereof and prior to July 1, 1941, issue a note for the sum of \$34,946.10 dated February 15, 1941, and payable at the option of said Charles L. East on or before seven years after date, with interest at the

rate of 7% per annum, payable monthly, for the purpose of paying indebtedness of a like amount now outstanding, and execute to secure the payment of said note, a chattel mortgage and real property mortgage substantially in the same form as the chattel mortgage and real property mortgage filed in this proceeding as Exhibit B, modified as indicated in the foregoing opinion, provided that the authority herein granted to execute said chattel mortgage and real property mortgage 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 chattel mortgage and real property mortgage as to such other legal requirements to which said chattel mortgage and real property mortgage may be subject.

2. The authority herein granted will become effective when Charles L. East has paid the fee prescribed by Section 57 of the Public Utilities Act, which fee is Thirty-five (\$35.00) Dollars.

3. Within thirty (30) days after the issue of the note and the execution of the chattel mortgage and real property mortgage herein authorized, Charles L. East shall file with the Railroad Commission a copy of said note and a copy of said chattel mortgage and real property mortgage together with a statement showing the purpose for which he expended the \$34,946.10 obtained through the execution of said note.

Dated at San Francisco, California, this 19th day of April, 1941.



[Signature]
[Signature]
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Francis A. Havens
Commissioners