

Decision No. 34885

ORIGINAL

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of

PARR-RICHMOND TERMINAL CORPORATION,
a corporation,

for an order authorizing its issuance
of refunding note and deed of trust as
security therefor in favor of American
Trust Company.

Application No. 24643

Morrison, Hohfeld, Feerster, Shuman
& Clark, by F. C. Hutchens, for
Applicant

BY THE COMMISSION:

O P I N I O N

Parr-Richmond Terminal Corporation, a corporation engaged, among other things, in business as a public wharfinger in Richmond, reports that it has outstanding in the hands of the public \$162,000 principal amount of First Mortgage 6½% Sinking Fund Gold Bonds, dated July 1, 1928 and due July 1, 1943. These bonds, it appears, constitute the remaining outstanding balance of an original issue of \$400,000 of bonds sold during 1928 at 93% of their face value plus accrued interest for the purpose of financing the cost of acquiring real property, of constructing and equipping a wharf and warehouse on the inner harbor of the City of Richmond, of paying indebtedness and of providing working capital. (Decision No. 19930, dated June 25, 1928, as amended, in Application No. 14721.)

The company has called the bonds for payment on January 1, 1942 at 100½% of their face value plus accrued interest. To

provide, in part, the cost of redemption, it has arranged to borrow from American Trust Company, the sum of \$160,000 to be evidenced by a note payable in monthly installments of \$4,000 commencing in January, 1942, with interest at the rate of 4% per annum. The payment of the principal of the note and the interest thereon will be secured by a deed of trust, by an assignment of rentals and proceeds of sales of certain properties, and by a guaranty by Parr Terminal Company, a nonutility corporation owning all the capital stock (except for certain qualifying shares) of applicant.

A copy of the proposed deed of trust, filed in this proceeding as Exhibit "D," shows that the indenture will be a lien on certain parcels of land situate in the City of Richmond, including one parcel containing 10.657 acres, more or less, referred to as Parcel One, upon which is located the southerly half of applicant's public wharf. The remaining properties to be subjected to the lien of the indenture are said to be of a non-utility nature.

A copy of the assignment to American Trust Company of the rentals and proceeds of sale to become due under certain indentures of lease and agreement of premises in the City of Richmond has been filed as Exhibit "E." The testimony shows that the rentals which applicant has agreed to assign to American Trust Company will exceed the amount necessary to pay the \$160,000 note and the interest becoming due thereon.

A balance sheet showing the company's financial condition as of September 30, 1941, is as follows:

Assets

Property:		
Real estate	\$557,498.12	
Leasehold interest	22,230.12	
Improvements (less depreciation)	<u>64,778.36</u>	\$644,506.60
City of Richmond improvement account		158,788.80
Automobiles, furniture and equipment		10,426.76
Sinking and other funds		9,859.16
Current assets		75,156.94
Bond discount and expense		<u>2,222.03</u>
	Total assets	<u>\$900,960.29</u>

Liabilities

Capital stock	\$201,500.00
Bonds (less treasury bonds)	167,500.00
Current liabilities	184,535.00
Reserves	34,067.88
Capital surplus	182,301.21
Profit and loss	<u>131,056.20</u>
	Total liabilities
	<u>\$900,960.29</u>

Since September 30, 1941, the outstanding bonds apparently have been reduced to \$162,000.

The real estate listed above at \$557,498.12 includes the sum of \$202,594.55 for the 10.657 acre tract referred to as utility property.

ORDER

A public hearing having been held in the above entitled matter by Examiner Fankhauser, the Commission having considered the evidence submitted at such hearing and it being of the opinion that the money, property or labor to be procured or paid for through the issue of the note is reasonably required for the purpose indicated herein, and that the expenditures for such purpose are not, in whole or in part, reasonably chargeable to operating expenses or to income, therefore,

IT IS HEREBY ORDERED as follows:

1. Parr-Richmond Terminal Corporation may, on or before February 15, 1942, execute a deed of trust in substantially the same form as that filed in this proceeding as Exhibit "D," and an assignment of rentals and proceeds of sale in substantially the same form as that filed in this proceeding as Exhibit "E," provided that the authority herein granted is for the purpose of this proceeding 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 instruments as to such other legal requirements to which they may be subject.

2. Parr-Richmond Terminal Corporation may, on or before February 15, 1942, issue a note in the principal amount of not exceeding \$160,000, payable as indicated in the foregoing opinion, and shall use the proceeds received through the issue of said note to finance in part the cost of redeeming the outstanding bonds referred to in the foregoing opinion.

3. Parr-Richmond Terminal Corporation shall file with the Commission, on or before February 28, 1942, a copy of the note, deed of trust and assignment of rentals and proceeds of sale executed by it under the authority herein granted and also a copy of the guaranty executed by Parr Terminal Company.

4. The authority herein granted shall become effective upon the date hereof.

Dated at San Francisco, California, this 30th day of December, 1941.

[Handwritten signatures of three commissioners]

Commissioners