

Decision No. 32061

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application
of

LALLY BROTHERS INC., a corporation,
for authority to sell property to
SOUTH LAKE FARMS, a partnership.

ORIGINAL

Application No. 26128

BY THE COMMISSION:

OPINION AND ORDER

Lally Brothers Inc. asks permission to sell its grain warehouses and elevators at Angiola and Alpaugh, Tulare County, to South Lake Farms, a partnership, composed of Lawrence B. Hill, Roland F. Hill, Joe R. Weirick, Grover B. Hill, Glenn M. Hill and Gerald B. Hill. The partnership has agreed to pay for the properties \$42,500. It will pay \$10,000 in cash and issue to Lally Brothers Inc. a note for \$32,500, bearing interest from June 1, 1944 at the rate of 5% per annum. Of the principal, \$10,000 is payable on or before September 1, 1944 and \$22,500 on or before September 1, 1946. The payment of the note will be secured by a deed of trust and by a mortgage of chattels which will be liens on the properties which Lally Brothers Inc. has agreed to sell to South Lake Farms.

A copy of the note, a copy of the deed of trust, and a copy of the mortgage of chattels are attached to the amended application filed on May 17, 1944. The amended application also contains a description of the properties which are being sold.

Lally Brothers Inc. also asks permission to assign to South Lake Farms, a partnership, a right of way lease, dated May 29, 1937, by and between California Western States Life Insurance Company and The Atchison, Topeka and Santa Fe Railway Company. Lally Brothers Inc. is the assignee of this lease. It covers a parcel of land 250 feet long and 100 feet wide adjoining property owned by Lally Brothers Inc. at Angiola.

Lally Brothers Inc. desires permission to sell its warehouses and elevators for the reason that they are located too great a distance from its operations at Visalia, California.

South Lake Farms operates about 16,000 acres of farming land in Kings County, known as Liberty Farms, near Alpaugh and Angiola. Its financial statement shows assets of \$678,201.72 and contracts payable in the amount of \$271,593.31. It further shows a reserve for levee repairs in the sum of \$140,000 and a partners' account of \$266,608.41.

The Commission has considered applicants' request and is 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 a \$32,500 note by South Lake Farms, a partnership, is reasonably necessary to acquire said properties, and that this application should be granted subject to the provisions of this Opinion and Order, therefore,

IT IS HEREBY ORDERED as follows:

1. Lally Brothers Inc. may, after the effective date hereof and on or before October 1, 1944, sell to South Lake Farms, a partnership, consisting of Lawrence B. Hill, Roland F. Hill, Joe R. Weirick, Grover B. Hill, Glenn M. Hill and Gerald B. Hill, the warehouse and elevator properties described in the amended application filed on May 17, 1944, and to assign to said South Lake Farms, a partnership, the lease referred to in said amended application.

2. South Lake Farms, a partnership, may issue, after the effective date hereof and on or before October 1, 1944, to Lally Brothers Inc. its promissory note for the sum of not exceeding \$32,500 and execute a deed of trust and a mortgage of chattels to secure the payment of said note, said note, said deed of trust, and said mortgage of chattels to be in substantially the same form as the note, the deed of trust, and the mortgage of chattels filed in this application on May 17, 1944.

3. The authority herein granted will become effective when said South Lake Farms, a partnership, has paid the fee prescribed by Section 57 of the Public Utilities Act, which fee is Thirty-three (\$33.00) Dollars.

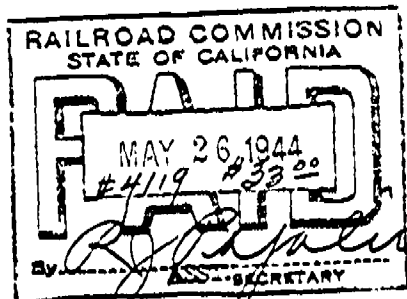
4. Immediately upon the transfer of the warehouse properties involved herein, Lally Brothers Inc., a corporation, and South Lake Farms, a partnership, shall, on not less than five (5) days' notice to the Commission and to the public, supplement or reissue the tariffs on file with the Commission naming rates, rules and regulations governing warehouse opera-

tions of Lally Brothers Inc. to show that Lally Brothers Inc. has withdrawn or cancelled and South Lake Farms, a partnership, has concurrently adopted or established as its own, said rates, rules and regulations; and that the tariff filings made pursuant to this Order shall, in other respects, comply with the regulations governing the construction and filing of warehouse tariffs set forth in the Commission's General Order No. 61.

5. The action taken herein shall not be construed to be a finding of value for any purpose other than the proceeding herein involved.

6. Within thirty (30) days after the transfer of the properties herein authorized, South Lake Farms, a partnership, shall file with the Railroad Commission a copy of the note, a copy of the deed of trust, and a copy of the mortgage of chattels executed under the authority herein granted.

Dated at San Francisco, California, this 23rd day of May, 1944.



Richard L. Lally
Justice J. Calver
Francis D. Havener

James H. Lawrence
Commissioners.