

Decision No. 40897**ORIGINAL**

BEFORE THE PUBLIC UTILITIES 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 notes and deeds of trust
as security therefor in favor of
(a) American National Insurance Company,
(b) Bank of America National Trust &
Savings Association, and (c) J. L. and
Frances L. Azevedo.)
-----)Application
No. 28797Albert G. Evans, for applicant.O P I N I O N

Parr-Richmond Terminal Corporation, applicant herein,
is a corporation engaged in operating public terminals at the
harbor of Richmond and in dealing in industrial lands at said
harbor and elsewhere. Its annual reports to the Commission for
the last three years show its revenues and expenses as follows:

	<u>1944</u>	<u>1945</u>	<u>1946</u>
Operating revenues -			
Loading, unloading, dunnage & cooping	\$211,306.33	\$356,227.37	\$272,212.31
Service charges, dock- age and tolls	380,338.34	435,015.82	249,737.98
Wharf demurrage	125,000.58	50,541.65	18,176.93
Land rental & berthing privileges	56,091.96	62,841.93	14,026.67
Miscellaneous	19,926.84	19,236.21	9,917.76
Total	792,664.05	923,862.98	564,071.65
Operating expenses	709,769.78	864,033.31	682,841.79
Net operating revenues	82,894.27	59,829.67	(118,770.14)
Nonoperating revenues	94,969.53	97,902.75	175,194.76
Gross corporate income	177,863.80	157,732.42	56,424.62
Interest and other de- ductions	123,536.38	118,322.79	32,165.75
Net corporate income	<u>\$ 54,327.42</u>	<u>\$ 39,409.63</u>	<u>\$ 24,258.87</u>

The company's holdings include leasehold interests in certain lands and terminal facilities situated at the harbor and also certain lands owned in fee at said harbor and elsewhere. It reports its acreage owned at 950.627 and the book value thereof at \$528,485.67. It reports its total assets and liabilities as of July 31, 1947, as follows:

Assets

Property -		
Real estate	\$528,485.67	
Leasehold	18,977.67	
Other improvements	128,114.66	
Automobiles	12,594.36	
Furniture and equipment	<u>38,519.44</u>	\$ 726,691.80
Stocks and securities		59,648.07
City of Richmond improvement account		47,379.24
U. S. Government bonds		10,000.00
Cash and accounts receivable		238,189.20
Notes receivable		221,858.12
Prepaid expenses		19,028.87
Surrender value life insurance policy		<u>25,377.21</u>
Total		<u>\$1,348,172.51</u>

Liabilities

Notes payable	\$ 329,642.96
Accounts payable	13,194.14
Accruals	12,972.68
Reserves	140,629.82
Due City of Richmond	3,303.03
Capital stock	201,500.00
Capital surplus	173,230.21
Earned surplus	<u>473,699.67</u>
Total	<u>\$1,348,172.51</u>

The application shows that under the terms of its lease with the City of Richmond, the company is required to locate industries in said city and to handle through the Port of Richmond a minimum tonnage during each year of the lease. In this connection the company reports that in order to have sufficient land available to locate such industries it found it necessary to

purchase large areas of land in and adjoining the City of Richmond and also found it necessary to arrange long term financing in carrying out this program.

The company's outstanding notes as of July 31, 1947, both long term and short term, consisted of the following:

<u>Payee</u>	<u>Date</u>	<u>Due</u>	<u>Int.</u>	<u>Amount</u>
American Nat. Insurance Co.	5/17/46	\$2,700 mo.	4 1/2%	\$236,310.96
J. L. & F. L. Azevedo	6/10/46	7 years	4	43,332.00
American Trust Co.	7/ 2/47	9/30/47	4	5,000.00
American Trust Co.	7/ 8/47	10/ 6/47	4	25,000.00
The Mechanics Bank	7/12/47	10/10/47	5	10,000.00
The Mechanics Bank	5/14/47	8/11/47	5	10,000.00
	Total			<u>\$329,642.96</u>

The note in favor of American National Insurance Company, originally in the principal amount of \$300,000, was issued, according to the testimony herein, to finance a part of the purchase price of certain industrial lands, to pay indebtedness and to provide working capital. Its payment was secured by a deed of trust to California Pacific Title Insurance Company covering properties used in applicant's public utility operations as well as its nonoperating properties. We are advised that since July 31, 1947, the amount of the unpaid balance has been reduced to approximately \$230,000.

The note in favor of J. L. and F. L. Azevedo, originally in the principal amount of \$73,525, was issued to finance a part of the purchase price of \$123,525, of fifty acres of industrial lands. It is secured by a deed of trust covering industrial lands only.

The remaining short term notes in favor of American Trust Company and The Mechanics Bank represent moneys borrowed

for operating purposes. Such notes are unsecured.

The company did not obtain from this Commission authority to execute the deed of trust covering its public utility properties nor to issue the two long-term notes in favor of American National Insurance Company and J. L. and F. L. Azevedo. It clearly appears, however, that its failure to do so was through inadvertence and with no intent to evade the provisions of the Public Utilities Act. When the matter of the necessity of obtaining the Commission's authorization was called to its attention, it filed the present application for permission to issue new notes in evidence of the balances due on such indebtedness.

A review of this matter indicates the necessity for the issue by applicant of notes to evidence its indebtedness due American National Insurance Company and J. L. and F. L. Azevedo, and the order herein will so provide. It is unnecessary for it to obtain authorization from this Commission to execute the deed of trust covering only nonutility properties or to issue the short-term unsecured bank notes.

O R D E R

The Public Utilities Commission having considered the above entitled matter and the evidence adduced at the public hearing thereon before Examiner Fankhauser, and it being of the opinion 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 notes herein authorized is reasonably required for the purpose specified herein, which

purpose is 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, after the effective date hereof and on or before December 31, 1947, may execute a deed of trust in, or substantially in, the same form as the deed of trust filed in this proceeding as Exhibit "B", and may issue to American National Insurance Company, or order, its note for not exceeding \$236,310.96 payable in monthly installments of \$2,700 or more, with interest on the unpaid balances at the rate of $4\frac{1}{2}\%$ per annum, and may issue to J. L. Azevedo and Frances L. Azevedo, his wife, or order, its note for not exceeding \$43,332.00 payable on or before June 10, 1953, with interest at the rate of 4% per annum, said notes to be issued in evidence of the unpaid balances of the notes issued without an order from this Commission and referred to in the preceding opinion and in this application.

2. Within thirty (30) days after the issue of the notes herein authorized, applicant shall advise the Commission of that fact in writing.

3. The authority herein granted will become effective when applicant has paid the fee prescribed by Section 57 of the Public Utilities Act.

Dated at San Francisco, California, this 12th day
of November, 1947.

Harold P. Kule
Justin J. Garner
Leah H. Lowell
R. J. Dineen

Commissioners

