

ORIGINAL

Decision No. 41616

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of ECKHART SEED COMPANY,  
a Co-partnership, for Order Author-  
izing Borrowing of Money and  
Execution of Note, Deed of Trust, and  
Chattel Mortgage.

Application  
No. 29319

O P I N I O N

This is an application by Howard C. Eckhart and C. H. Eckhart, Jr., Co-partners doing business under the firm name and style of Eckhart Seed Company to issue, for the purpose of paying indebtedness, a note for \$70,000 and execute a deed of trust and a mortgage of chattels to secure the payment of the note.

Applicants are engaged in the operation of a warehouse and a seed business in Monterey County. Their 1947 annual report on file with the Commission shows their investment in public utility warehouse property as of the end of the year, at \$119,027.09 and in nonutility property, exclusive of inventory and goodwill, at \$62,032.41, a total of \$181,059.50. Their utility revenues for the year were reported at \$11,587.90 and their non-utility revenues at \$645,694.99. Their total net income for the year, before federal income taxes, was reported at \$20,822.63.

The partnership's assets and liabilities as of December 31, 1947, are reported as follows:

Assets

Current assets -		
Cash on hand and in banks	\$18,007.20	
Accounts receivable	28,524.39	
Accrued storage	3,367.00	
Inventory	<u>71,322.52</u>	
Total current assets		\$121,221.11
Fixed assets		
Cost	181,059.50	
Less-depreciation reserve	<u>64,477.95</u>	
Net fixed assets		116,581.55
Deferred charges		1,859.33
Goodwill		<u>14,373.09</u>
Total		<u>\$254,035.08</u>

Liabilities

Current liabilities -		
Accounts payable	\$34,623.90	
Seed advanced	1,661.26	
Contracts payable	435.56	
Accruals	1,761.75	
Bank loans	<u>61,500.00</u>	
Total current liabilities		\$ 99,982.47
Mortgage payable		52,360.00
Capital		<u>101,692.61</u>
Total		<u>\$254,035.08</u>

The outstanding indebtedness of \$52,360 includes two notes in favor of Monterey County Trust & Savings Bank, one in the amount of \$32,360 being the unpaid balance of a note heretofore authorized by the Commission by Decision No. 38223, dated September 18, 1945, and one in the amount of \$20,000 being the note authorized by Decision No. 40257, dated May 13, 1947. Both notes were issued in part to provide the cost of warehouse facilities and both are secured by a deed of trust and by a mortgage of chattels on warehouse properties. The \$32,360 note is payable in annual installments of \$5,400 with interest at the rate of 5% per annum, and the \$20,000 note is payable on or before December 29, 1954, with interest at the rate of 5% per annum.

In order to pay these two outstanding notes and other indebtedness, applicants have made arrangements with Monterey

County Trust & Savings Bank to borrow the sum of \$70,000 and to secure the payment of the loan by the execution of a deed of trust and a mortgage of chattels. It proposes to use the proceeds in excess of \$52,360 to pay unsecured short-term bank loans which have been made for the purpose of obtaining seed for planting and for shipment to customers later in the year.

The \$70,000 loan will be evidenced by a note payable in annual installments of \$7,000 with interest at the rate of 5% per annum on deferred payments. A copy of the proposed note has been filed in this proceeding as Exhibit "A", a copy of the proposed deed of trust as Exhibit "B" and a copy of the proposed mortgage of chattels as Exhibit "C".

#### O R D E R

The Public Utilities Commission having considered the above entitled matter and being of the opinion that a public hearing is not necessary, that the application should be granted, as herein provided, that the money, property or labor to be procured or paid for by applicants through the issue of a note for \$70,000 is reasonably required by them for the purpose specified herein, and that the expenditures for such purpose are not, in whole or in part, reasonably chargeable to operating expenses or to income,

IT IS HEREBY ORDERED as follows:

1. Howard C. Eckhart and C. H. Eckhart, Jr., co-partners doing business under the firm name and style of Eckhart Seed Company, after the effective date hereof and on or before August 31, 1948, may issue a note in the principal amount of \$70,000 for the purpose of paying the outstanding indebtedness referred to in the preceding opinion, and may execute a deed of trust and a mortgage

of chattels, which note, deed of trust and mortgage of chattels shall be in, or substantially in, the same form as those filed in this proceeding as Exhibit "A", "B" and "C", respectively.

2. Applicants shall file with the Commission a report of the issue of the note and the disposition of the proceeds within thirty (30) days after such issue.

3. The authority herein granted will become effective when applicants have paid the fee prescribed by Section 57 of the Public Utilities Act, which fee is \$25.00.

Dated at San Francisco, California, this 18<sup>th</sup> day of May, 1948.

R. J. [Signature]  
Justus F. [Signature]  
[Signature]  
[Signature]  
[Signature]  
Commissioners.

