

**ORIGINAL**

Decision No. 42180

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of )  
 :  
 J. C. FREESE COMPANY, )  
 :  
 a partnership, for an order authorizing, )  
 under section 51 of the Public Utilities )  
 Act, mortgages of property, and author- )  
 izing, under section 52 of the Public )  
 Utilities Act, the issuance of notes. )  
 ----- )  
 :

Application  
No. 29779

OPINION AND ORDER

This is an application for an order authorizing J. C. Freese Company, hereafter sometimes referred to as Applicant, to execute two mortgages and to issue two notes in the aggregate amount of \$150,000 for the purpose of financing the cost of a new steel tank barge, of a capacity of approximately 770 net tons. A copy of the form of the mortgage is attached to the application as Exhibit "A". One mortgage will be a lien upon Applicant's Barge 11, which was purchased in 1946, and the other on the vessel to be constructed and purchased with the proceeds of the loan referred to in this application. Each of the two notes will be payable to the order of Wells Fargo Bank & Union Trust Co., will be in an amount not larger than \$75,000, will bear interest at the rate of 3-1/2% per annum payable monthly, and will be payable at a rate of not less than \$1,500 monthly.

It appears that J. C. Freese Company is a partnership consisting of Ruth Freese Conway and Constance M. Crane, and is engaged in the business of carrying bulk petroleum products by

vessel on San Francisco Bay and its tributaries. In financial statements filed with the Commission, Applicant reports operating revenues at \$481,282.60 for 1946, at \$596,837.20 for 1947 and at \$440,430.86 for the first nine months of 1948, with net profits of \$104,244 for 1946, of \$103,797.77 for 1947 and of \$81,874.89 for the nine months' period of 1948. Its assets and liabilities as of October 1, 1948, are reported in the application as follows:

<u>Assets</u>		
Cash on hand and in banks		\$ 41,696.48
Accounts receivable		23,816.03
Prepaid rent		370.00
Leasehold improvements		423.12
Suspense		264.19
Franchise		2,000.00
Auto truck		1,595.00
Dock equipment		924.34
Equipment on hand		1,000.00
Office equipment		1,299.84
Floating equipment		<u>255,773.28</u>
	Total assets	<u>\$329,162.28</u>
<u>Liabilities</u>		
Note payable		\$ 6,000.00
Accounts payable (current)		16,273.09
Depreciation reserve		121,652.63
Net investment 1/1/48		167,111.67
<u>1948 Profit</u>		
Jan. - Sept.	\$81,874.89	
Withdrawals	<u>63,750.00</u>	<u>18,124.89</u>
	Total liabilities	<u>\$329,162.28</u>

Applicant's 1947 annual report shows that it operated six barges, three of which it owned and three of which it leased. It is now reported that the purchase of a new barge is essential for the carrying on of the transportation business and is required by expanded demands for service. It is alleged that if any of the

present floating equipment were disabled, Applicant has no reserve vessels to enable it to continue its operations and service would be curtailed.

The Commission has considered this application and is of the opinion that a public hearing thereon is not necessary, 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 said notes 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. Ruth Freese Conway and Constance M. Crane, partners doing business as J. C. Freese Company, may execute two (2) mortgages in substantially the same form as that attached to the application herein, and issue two (2) notes in the aggregate face amount of not exceeding \$150,000, each note to be in an amount not exceeding \$75,000, payable in monthly installments of not less than \$1,500, with interest at the rate of 3-1/2% per annum payable monthly, and use the proceeds for the purpose of financing, in whole or in part, the cost of said new steel tank barge.
2. Within thirty (30) days after the completion of said barge, J. C. Freese Company shall file with the Commission a copy of each mortgage as actually executed and a statement showing the cost of said barge.

3. The authority herein granted will become effective when J. C. Freese Company has paid the fee prescribed by Section 57 of the Public Utilities Act, which fee is one hundred fifty (\$150.00) dollars.

Dated at San Francisco, California, this 3rd day of November, 1948.

A. B. Ingram  
Justus F. Cooney  
W. S. Powell  
Harold P. Kula  
Kenneth Potter  
Commissioners

