

ORIGINAL

Decision No. 42322

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application)
of HOLMES WAREHOUSE COMPANY for :
Order Authorizing the Encumbrance)
of Applicant's Property. :
-----)

Application
No. 30242

O P I N I O N

G. C. Holmes, doing business under the firm name and style of Holmes Warehouse Company, asks permission in this application to issue to the Reconstruction Finance Corporation his 4% promissory note for the principal sum of \$95,000 and to execute a mortgage of chattels and of real property to secure the payment of such note. A copy of the note and a copy of the mortgage are on file in this application as Exhibits "A" and "B", respectively.

G. C. Holmes, hereafter sometimes referred to as Applicant, is engaged in the operation of public warehouses in South Dos Palos, Mendota and Oxalis, for the storage, primarily, of barley, rice, wheat and flax. He intends to construct eight additional storage bins of approximately 75 tons capacity each, and a grain cleaning plant at Mendota, Fresno County, California, and to install an elevator and conveyor in his South Dos Palos plant. He estimates the total cost of constructing and acquiring the new facilities at \$48,000.

To finance the estimated construction costs and to provide funds for other purposes, Applicant proposes to obtain from the Reconstruction Finance Corporation the sum of \$95,000. The

note evidencing such loan will bear interest at the rate of 4% per annum, payable monthly. The principal will be payable in installments of \$500 each in the months of January through June, and \$1,500 each in the months of July through December of each year, commencing August 31, 1949. The final maturity of the loan will be July 31, 1954. The proceeds of the loan are to be used for the following purposes:

(a) Not to exceed \$45,700 to retire an existing real estate mortgage, including notes covering additional advances under the mortgage;

(b) Not to exceed \$730 to retire the balance due on purchase contract covering a grain cleaner;

(c) Not to exceed \$35,000 for the construction of a building and grain bins;

(d) Not to exceed \$13,000 for the purchase of additional grain cleaning equipment;

(e) The balance to be used solely for working capital.

The payment of the note will be secured by a mortgage of chattels and of real property on all of Applicant's land, buildings, machinery and equipment (except office furniture and equipment) now owned or hereafter acquired, and by the assignment of insurance policies on the life of G. C. Holmes in the amount of \$53,000. Applicant is required, in addition, to execute certain collateral agreements relating to compensation for services rendered, maintenance of insurance, management, after-acquired property, and a limitation on Applicant's expenditures for capital assets in excess of \$5,000 in any one fiscal year without the approval of the Reconstruction Finance Corporation.

Applicant's petition shows that a need exists for the construction of the additional warehouse facilities.

O R D E R

The Commission has considered this application and is of the opinion that a hearing thereon is not necessary, that the money, property or labor to be procured or paid for through the issue of the note herein authorized is reasonably required by G. C. Holmes for the purposes stated herein, which purposes are not, in whole or in part, reasonably chargeable to operating expenses or to income, and that this application should be granted, subject to the provisions of this order; therefore,

IT IS HEREBY ORDERED as follows:

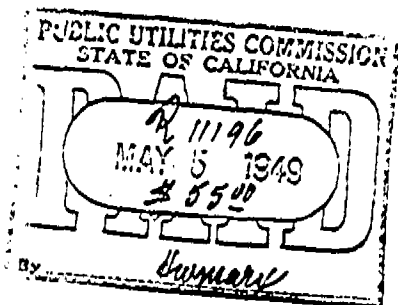
1. G. C. Holmes, doing business under the firm name and style of Holmes Warehouse Company, after the effective date hereof and on or before August 31, 1949, may issue to the Reconstruction Finance Corporation his 4% promissory note for the sum of not exceeding \$95,000, and execute a mortgage of chattels and of real property to secure the payment of said note, said note and said mortgage of chattels and of real property to be in, or substantially in, the form of the note and the mortgage of chattels and of real property on file in this application as Exhibits "A" and "B", respectively.

2. G. C. Holmes, doing business under the firm name and style of Holmes Warehouse Company, shall use the proceeds obtained through the issue of said note for the purposes set forth in the foregoing opinion.

3. The authority herein granted will become effective when G. C. Holmes, doing business under the firm name and style of Holmes Warehouse Company, has paid the fee prescribed by Section 57 of the Public Utilities Act, which fee is fifty-five (\$55.00) dollars.

4. If G. C. Holmes, doing business under the firm name and style of Holmes Warehouse Company, exercises the authority herein granted, he shall file with the Commission, on or before September 15, 1949, a copy of the note and a copy of the mortgage of chattels and of real property executed under the authority herein granted, together with a statement showing the purposes for which he expended the proceeds obtained through the issue of said note.

Dated at San Francisco, California, this 3rd day of May, 1949.



R. J. [Signature]
James J. [Signature]

Harold P. [Signature]

[Signature]
Commissioners