

ORIGINAL

Decision No. 46885

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of)
LAURENCE A. HEARNE and IRENE C.)
HEARNE, individuals, for an order)
authorizing issuance of promissory)
notes and encumbrance of public)
utility property.)
-----)

Application
No. 33217
(and Amendment)

OPINION AND ORDER

In this application, as amended, Laurence A. Hearne and Irene C. Hearne seek authorization to execute mortgages of chattels and deeds of trust and to issue notes in the aggregate amount of \$104,000 for the purpose of financing the cost of properties.

The application shows that applicants are engaged in public utility warehousing and other activities at King City and San Lucas, in Monterey County, and that they have made arrangements to purchase from Southern Pacific Milling Company, warehouse property and equipment located at Greenfield, also in Monterey County, for a consideration of \$125,000. The transfer of the Greenfield properties was authorized by the Commission by Decision No. 46808, dated March 4, 1952, in Application No. 33163.

It appears that applicants find it necessary to obtain a portion of the purchase price through bank loans and that they have arranged to issue to Bank of America National Trust and Savings Association, King City Branch, two notes, one in the principal amount of \$57,000 payable in annual installments of \$8,000 commencing on March 25, 1953, and continuing until March 25, 1959, on which date the unpaid balance shall be due and payable, with interest at the rate of 5½% per annum, and the other in the principal amount of \$47,000

payable in annual installments of \$7,000 commencing on March 25, 1953, and continuing until March 25, 1959, on which date the unpaid balance shall be due and payable, with interest also at the rate of 5½% per annum. The \$57,000 note will be secured by a mortgage of chattels and a deed of trust covering the Greenfield properties and the \$47,000 note by a mortgage of chattels and deed of trust covering the King City properties.

Financial reports on file with the Commission show applicants' investment in their King City business in the amount of \$150,045.90 and in the San Lucas business at \$37,323.37, a total of \$187,369.27, as of the close of 1951, with only nominal indebtedness outstanding. Their revenues for the year 1951 were reported at \$119,288.66 at King City and \$15,251.92 at San Lucas, a total of \$134,540.58, with net profit from all sources at \$22,568.92, before allowance for federal income taxes.

The Commission has considered this matter and is of the opinion that a public hearing thereon is not necessary; that the application should be granted, as herein provided; that the money, property or labor to be procured or paid for through the issue of the notes herein authorized is reasonably required by applicants for the purpose specified herein; and that such purpose is not, in whole or in part, reasonably chargeable to operating expenses or to income; therefore,

IT IS HEREBY ORDERED as follows:

1. Laurence A. Hearne and Irene C. Hearne, after the effective date hereof and on or before July 31, 1952, for the purpose of financing in part the cost of properties, may issue its promissory notes in the aggregate principal amount of \$104,000 and may execute

mortgages of chattels and deeds of trust, which notes, mortgages of chattels and deeds of trust shall be in, or substantially in, the same form as those filed in this proceeding and identified as Exhibit A, Exhibit B, and Exhibit C, respectively.

2. Applicants shall file with the Commission monthly reports as required by General Order No. 24-A, which order, insofar as applicable, is made a part of this order.

3. The authority herein granted will become effective when applicants have paid the fee prescribed by Section 1904(b) of the Public Utilities Code, which fee is one hundred four (\$104.00) dollars.

Dated at San Francisco, California, this 25th day of March, 1952.

R. T. [Signature]
President

Justice F. [Signature]

Harriet [Signature]

[Signature]

Commissioners

