

ORIGINAL

Decision No. 53821

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of D. S. ADAMS, D. Q. ADAMS, D. Q. ADAMS, Jr., W. W. ADAMS, W. W. ADAMS, Jr., ELIZABETH ADAMS McCLURE AND MARGARET ADAMS DALLAM, doing business as ADAMS, SCHWAB & ADAMS WAREHOUSE COMPANY, for an order authorizing execution of evidence of indebtedness, encumbrance of public utility property, and leasing of public utility property.

Application No. 38401

OPINION AND ORDER

This is an application for an order of the Commission authorizing D. S. Adams, D. Q. Adams, D. Q. Adams, Jr., W. W. Adams, W. W. Adams, Jr., Elizabeth Adams McClure and Margaret Adams Dallam, (1) to issue a note in the principal amount of \$25,000, (2) to execute a deed of trust and (3) to execute a lease agreement.

The application shows that D. S. Adams, et al., are partners doing business as Adams, Schwab & Adams Warehouse Company and, as such, are engaged in operating public utility warehouses in Dunnigan and Woodland, California, for the storage of rice and grain and in conducting certain nonutility activities. For the year ended April 30, 1956, the partnership reported storage revenues of \$138,067 and other revenues of \$99,454, a total of \$237,521, with net income after all charges of \$19,359. The partnership reported its assets and liabilities and proprietary capital as of April 30, 1956, as follows:

Assets

Current assets -		
Cash	\$ 23,916	
Accounts receivable	13,355	
Prepayments	<u>1,537</u>	
Total current assets		\$ 38,808
Fixed assets -		
Public utility property	\$322,788	
Nonutility property	<u>479,568</u>	
Total fixed assets	802,356	
Less depreciation reserve	<u>239,631</u>	
Net fixed assets		<u>562,725</u>
Total		<u>\$601,533</u>

Liabilities and Capital

Current liabilities -		
Accounts payable	\$ 16,600	
Other liabilities	<u>2,507</u>	
Total current liabilities		19,107
Long-term debt		181,400
Proprietary capital		<u>401,026</u>
Total		<u>\$601,533</u>

It appears that applicants now desire to develop the Dunnigan property by the construction of gasoline service station facilities and that they have made arrangements to borrow \$25,000 to finance the capital costs. The borrowing will be represented by a note to Crocker-Anglo National Bank at Sacramento payable in equal successive monthly installments of \$253.13 each, commencing on February 15, 1957, with interest at the rate of 4% per annum, payment to be secured by a deed of trust.

Upon completing the construction work, applicants propose to lease the premises to General Petroleum Corporation for a period of ten years at a monthly rental based on the volume of sales with a minimum, however, of \$350 per month.

From a review of the verified application, it appears to us that the proposed transactions will not interfere with the public utility warehouse operations of applicants nor adversely affect the patrons of such operations. In our opinion, the money, property or labor to be procured or paid for by the issue of the note herein authorized is reasonably required by applicants for the purpose specified herein, and such purpose is not, in whole or in part, reasonably chargeable to operating expenses or to income. Accordingly, we will enter an ex parte order approving the transactions, therefore,

IT IS HEREBY ORDERED as follows:

1. D. S. Adams, D. Q. Adams, D. Q. Adams, Jr., W. W. Adams, W. W. Adams, Jr., Elizabeth Adams McClure and Margaret Adams Dallam, may issue a note in the principal amount of not exceeding \$25,000 for the purpose set forth herein and may execute a deed of trust and a lease agreement in, or substantially in, the same form as those filed in this proceeding.

2. Applicants shall file with the Commission a report, or 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 \$25.

Dated at San Francisco, California, this 1st day
of OCTOBER, 1956.

W. E. Mitchell President
Justus D. Craven
Paul M. ...
...
R. Hardy Commissioners

