

ORIGINALDecision No. 74062

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application)	
of L. A. HEARNE WAREHOUSE CO., a)	
California corporation, for an)	Application No. 50165
order authorizing it to issue)	Filed April 12, 1968
1,000 shares of \$100.00 par value)	
common stock and to issue a note)	
in the amount of \$141,676.61)	

O P I N I O N

L. A. Hearne Warehouse Co., a California corporation, requests authorization from the Commission to issue 1,000 shares of its \$100 par value common stock and a note in the principal amount of \$141,676.61.

Applicant is engaged in the public utility warehouse business and other related activities in Monterey County at King City, Greenfield, and San Lucas. For the year ended April 30, 1967, the company reports total income of \$427,470, including \$63,368 derived from storage, and a net income of \$18,122 from all operations.

The corporation's balance sheet as of April 30, 1967, attached to the application, is summarized as follows:

Assets

Current assets	\$ 511,315
Equipment and fixtures	151,128
Total	<u>\$ 662,443</u>

Liabilities and Stockholders' Equity

Current liabilities	\$ 262,671
Notes payable to stockholder	241,677
Stockholders' equity	158,095
Total	<u>\$ 662,443</u>

According to the application, the unpaid balance of notes payable to stockholder relates to two ten-year notes issued in connection with the transfer to the corporation of assets in the forms of cash, accounts receivable, inventory and supplies. It is stated that said notes are void because not authorized by the Commission.

In substitution for the unauthorized notes, applicant requests authority to issue \$100,000 aggregate par value of its common stock and a note in the principal amount of \$141,676.61. Said note would be repayable ten years after its date and would bear interest at the rate of 5% per annum, payable annually.

After consideration the Commission finds that:

(1) the two notes having an aggregate unpaid balance of \$241,677 as of April 30, 1967, were issued for proper purposes prior to receiving authorization to do so from the Commission; (2) the money, property or labor to be procured or paid for by the issue of the stock and note herein authorized is reasonably required for the purpose specified herein; and (3) such purpose is not, in whole or in part, reasonably chargeable to operating expenses or to income. A public hearing is not necessary.

On the basis of the foregoing findings we conclude that the application should be granted. The authorization herein granted is for the purpose of this proceeding only and is not to be construed as indicative of amounts to be included in proceedings for the determination of just and reasonable rates.

ORDER

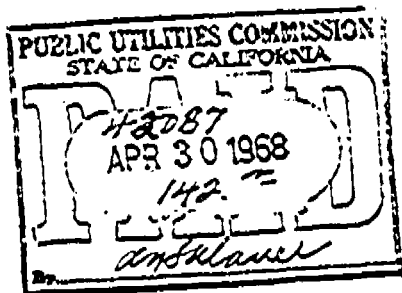
IT IS ORDERED that:

1. L. A. Hearne Warehouse Co., on or after the effective date hereof and on or before August 31, 1968, for the purpose specified in this proceeding, may issue, at par, not exceeding 1,000 shares of its \$100 par value capital stock and a note in the principal amount of not exceeding \$141,676.61. Said note shall be in the same form, or in substantially the same form, as that attached to the application as Exhibit A.

2. L. A. Hearne Warehouse Co. shall file with the Commission a report, or reports, as required by General Order No. 24-B, which order, insofar as applicable, is hereby made a part of this order.

3. This order shall become effective when L. A. Hearne Warehouse Co. has paid the fee prescribed by Section 1904(b) of the Public Utilities Code, which fee is \$142.

Dated at San Francisco, California,
this 30th day of APRIL, 1968.



[Signature] President
[Signature]
[Signature]
[Signature] Commissioners

Commissioner William Symons, Jr., being necessarily absent, did not participate in the disposition of this proceeding.