

ORIGINAL

Decision No. 74965

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the matter of the Application
of E. A. BEERS and WILLIAM G. MINNIS,
doing business as BEERS & MINNIS,
to issue promissory notes aggregating
\$1,250,000 and to execute and deliver
a mortgage and security agreement.

Application No. 50681
Filed November 13, 1968

O P I N I O N

This is an application for an order of the Commission authorizing E. A. Beers and William G. Minnis, doing business as Beers & Minnis, to execute and deliver a Preferred Mortgage and a Security Agreement, and to issue a note and refunding notes in the aggregate principal amount of \$1,250,000.

Applicants are partners operating as a carrier by water between points on San Francisco, Suisun and San Pablo Bays, and on the Sacramento and San Joaquin Rivers and their tributaries. For the nine months ended September 30, 1968, they report total and net income of \$975,996 and \$92,356, respectively. The balance sheet, attached to the application, shows total assets at September 30, 1968, amounting to \$568,136, offset by liabilities and capital of \$404,804 and \$163,332, respectively.

The partners propose to purchase substantially all the operating assets used by J. C. Freese Company, Inc. in its business of transporting bulk oil by water. The agreed purchase price is \$1,168,000, which price approximates the \$1,171,100 aggregate appraisal values for five tugs, five oil barges, and terminal

facilities located in Richmond. Genereaux and Hansen, Marine Surveyors, appraised the properties recently, the appraisals being summarized in Exhibit No. 6 attached to the application.

In order to obtain funds for financing the acquisition of said assets including related expenses, and for augmenting their working capital, applicants propose to borrow \$1,250,000 from Crocker-Citizens National Bank. The borrowing will be evidenced by a note in the principal amount of \$1,250,000 repayable in monthly installments of \$15,000 plus interest computed at a rate not exceeding 7-3/4% per annum on unpaid principal. Repayment of the note will be secured by a Fleet Mortgage of the vessels being purchased, and by a Security Agreement covering the terminal facilities in Richmond. In addition, applicants and their respective wives will guarantee the repayments. The partners anticipate that they may be able to reduce the interest cost from time to time by issuing a refunding note, or notes, reflecting a lower interest rate.

Following disposition of said properties, J. C. Freese Company, Inc. proposes to terminate its business and cancel its tariffs. In this connection Decision No. 61314, dated April 11, 1961, in Application No. 42769, indicates that Section 238(c) of the Public Utilities Code limits this Commission's jurisdiction to the regulation of rates with respect to the type of transportation of bulk oil by water involved in this proceeding. Therefore, no authority of the Commission is required for the proposed transfer, nor is a formal order required to cancel the tariffs of the corporation.

After consideration the Commission finds that: (1) the proposed notes are for proper purposes; (2) the money, property or

labor to be procured or paid for by the issue of the notes herein authorized is reasonably required for the purposes specified herein; (3) such purposes are not, in whole or in part, reasonably chargeable to operating expenses or to income; and (4) the proposed documents will not be adverse to the public interest.

On the basis of the foregoing findings we conclude that the application should be granted. A public hearing is not necessary. The action taken herein shall not be construed as indicative of amounts to be included in proceedings for the determination of just and reasonable rates.

O R D E R

IT IS ORDERED that:

1. E. A. Beers and William G. Minnis, on or after the effective date hereof and on or before January 31, 1969, for the purposes specified in this proceeding, may execute and deliver a Preferred Mortgage and a Security Agreement encumbering the properties referred to in the application, and may issue a note in the principal amount of not exceeding \$1,250,000 and bearing an interest rate of not exceeding 7-3/4% per annum. Said documents shall be in the same form, or in substantially the same form, as those attached to the application.

2. From time to time E. A. Beers and William G. Minnis, for the purpose of refunding the indebtedness of not exceeding \$1,250,000 herein authorized, may issue one or more notes bearing interest at rates below 7-3/4% per annum, with principal repayable at a rate of not exceeding \$15,000 per month, and maturing no later than five years following the maturity date of the original note.

3. E. A. Beers and William G. Minnis 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.

4. This order shall become effective when E. A. Beers and William G. Minnis have paid the fee prescribed by Section 1904(b) of the Public Utilities Code, which fee is \$1,125.

Dated at San Francisco, California, this 19th day of NOVEMBER, 1968.

William Lyons A.
President
William A. Beers
Augustan
Harold R. Minnis
Commissioners

Commissioner Peter E. Mitchell, being necessarily absent, did not participate in the disposition of this proceeding.

