

Decision No. 85285**ORIGINAL**

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of MITCHELL SILLIMAN)
 COMPANY, a California corporation,)
 for an order authorizing applicant)
 to enter into an Agreement for the)
 Sale and Lease Back of real property)
 as required by section 851 of the)
 Public Utilities Code of California.)

Application No. 56131
 (Filed December 19, 1975)

O P I N I O N

Mitchell Silliman Company seeks authority to enter into a Sale and Lease-Back Agreement with Inter Harvest, Inc.

Applicant is a California corporation operating as a public utility warehouseman in portions of the County of Monterey. In addition, it is engaged in nonutility activities including business as a produce broker.

The application shows that in 1974 Inter Harvest, Inc., a California corporation, entered into two written contracts to sell beans to applicant, and that the beans were delivered in accordance with the terms of the contracts for which applicant became obligated to pay approximately \$841,000. Applicant reports that it has been unable to make any payments on the obligation for the purchase of said beans, and has made every reasonable effort to develop a method for meeting the obligation.

As a result of lengthy negotiations, applicant reports that it has agreed to the terms of a Sale and Lease-Back Agreement providing for the granting and conveyance to Inter Harvest, Inc. of seven parcels of real estate upon which it conducts its public warehousing business and its business as a produce broker dealing

primarily in small white and pink beans grown in the Salinas Valley. Inter Harvest, Inc. would lease to applicant all of the real property together with improvements thereon for a period of six years with an option for an additional four years.

The real property together with improvements thereon, to be transferred in full settlement of the Inter Harvest, Inc. obligation, have a reported December 31, 1974 original cost and book value of \$506,278 and \$230,743, respectively.

According to the application, consummation of the proposed transactions would enable applicant to continue operating, which it might not otherwise be able to do if Inter Harvest, Inc. took such action as is available to it as a major creditor. Applicant reports that settlement of the Inter Harvest, Inc. claim would place the warehouseman in a sound financial position.

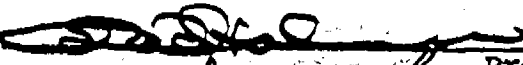
After consideration the Commission finds that the proposed transactions would not be adverse to the public interest and concludes that the application should be granted. A public hearing is not necessary. The authorization granted shall not be construed as a finding of the value of the properties authorized to be transferred.

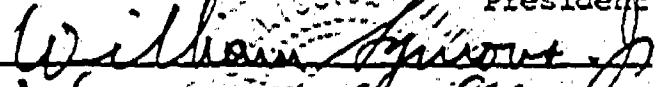
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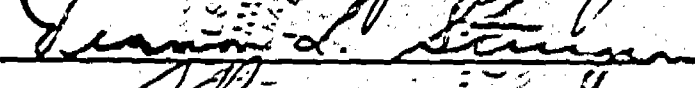
IT IS ORDERED that Mitchell Silliman Company may enter into a Sale and Lease-Back Agreement in substantially the same form as that attached to the application.


The effective date of this order is the date hereof.


Dated at San Francisco, California, this 30th day of December, 1975.



President







Commissioners