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ORIGINAL

Decision No. 39721

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

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In the Matter of the Application of

RIVERSIDE ELEVATORS, a California Corporation

for an order authorizing the issuance of notes, and the execution of a deed of trust and chattel mortgage securing the same, to discharge and refund outstanding obligations.

Application No. 28051

OPINIQN

In this application, Riverside Elevators, a corporation, asks permission to issue to The Capital National Bank of Sacramento notes in the aggregate sum of \$150,000 for the purpose of refunding indebtedness, and to execute a deed of trust and a chattel mortgage to secure the payment of said notes.

Riverside Elevators is a corporation organized in 1945 under the laws of California. It is engaged in the bulk storage and handling of grain and other commodities at its warehouse located on the East Bank of the Sacramento River a short distance above Isleton, in Sacramento County, California. Its property and facilities include a reinforced concrete storage building approximately 60' x 360', head house, drier tower, fan rooms, delivery and discharge enclosure, scale house, truck scale pit and drying, cleaning, cooling and other machinery and equipment. The property is situated on land leased by applicant at an annual rental of \$300 for a term of fifteen years from June 30, 1945, with an option to renew the lease for an additional term of fifteen years and with an option to purchase the property for \$3,000. It is

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applicant's intention to exercise its option to purchase the land.

Applicant filed its warehouse tariffs on September 28, 1945, effective October 3, 1945. For the period ending May 31, 1946, it reports revenues from all sources of \$25,390.87, while for the period June 1, 1946, to October 31, 1946, its revenues were \$44,313.71.

As of October 31, 1946, applicant reports assets and liabilities as follows:

<u>Assets</u>

Fixed assets Organization expenses Current assets Prepaid charges	\$262,347.91 14,261.17 24,585.84 2,625,21
Total assets	<u>\$303,820,13</u>
Liabilities	• •
Capital stock Installment note payable to	\$ 24,000.00
American Trust Company, including accrued interest	107,064.03
Note due contractors, including accrued interest	25,916.66
Notes due stockholders, including accrued interest Current liabilities Deferred credits Surplus	115,380.00 24,884.19 3,463.97 <u>3,111.28</u>
Total liabilities	<u>\$303,820.13</u>

To finance the acquisition and construction of its warehouse properties and equipment and to conduct its business, applicant issued 2,400 shares of no par value stock at \$10 per share, and borrowed from its stockholders \$108,000 represented by notes bearing interest at the rate of 6% per annum. It also borrowed from the American Trust Company and the Reconstruction Finance

Corporation, on an installment note, \$120,500. It borrowed from the American Trust Company on short term notes \$21,500. On the notes issued to the American Trust Company it made principal payments of \$17,500, leaving unpaid \$124,500. On some of the notes, the interest rate is 4%, on others 5%. The accrued interest on the NOURS IS TEDOTICE at \$2,480,69. It also issued to contractors notes in the sum of \$25,000, which notes bear interest at the rate of 5% per annum. The payment of the notes issued to the contractors and the payment of the notes issued to the stockholders are subordinated to the payment of the note due American Trust Company and Reconstruction Finance Corporation. The contractors have agreed to discount the notes held by them at 10% and waive the interest accruals.

Applicant proposes to pay its outstanding note indebtedness, other than the amount due its stockholders. To place itself in a position to do so, it asks permission to issue to The Capital National Bank of Sacramento two notes, one for \$30,000 and the other for \$120,000. Both notes will bear interest at the rate of 44% per annum, payable monthly. The payment of the \$30,000 note will be secured by a chattel mortgage on applicant's machinery and equipment, while the payment of the \$120,000 note will be secured by a deed of trust on applicant's buildings and structures. The two notes are payable in installments as follows:

	\$30,000.00 Chattel Mortgage			\$120,000.00 Mortgage on Buildings	<u>Total</u>
Dec.		1947	\$ 5,000.00	\$ 5,000.00	\$ 10,000.00
11	11	1948	5,000.00		10,000.00
11	π	1949	5,000.00	10,000.00	15,000.00
-17	11	1950	5,000.00	10,000-00	15,000.00
TT	11	1951	5,000.00	15,000.00	20,000.00
11	17	1952	5,000.00	15,000.00	20,000.00
11	-11	1953		20,000.00	20,000-00
TT	Ħ	1954		20,000.00	20,000,00
tt	11	1955		20,000.00	20,000.00
			\$30,000.00	\$120,000.00	\$150,000.00

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The payment of the notes held by stockholders will be subordinated to the payment of the note to be issued to The Capital National Bank of Sacramento.

Applicant has filed in this proceeding as Exhibit "3" a copy of the proposed promissory note in the principal sum of \$120,000, as Exhibit "4" a copy of the proposed promissory note in the principal sum of \$30,000, as Exhibit "5" a copy of the proposed deed of trust, and as Exhibit "6" a copy of the proposed chattel mortgage. We have reviewed these documents and find the same to be in satisfactory form.

The refunding of applicant's indebtedness, to which reference is made herein, will reduce its principal and interest payments and will provide a more convenient amortization of its indebtedness.

ORDER

The Commission has considered applicant's request and is of the opinion that this is not a matter on which a hearing is necessary, that the money, property or labor to be procured or paid for by the issue of the notes herein authorized is reasonably required by Riverside Elevators for the purposes herein stated, and that this application should be granted as herein provided, therefore,

IT IS HEREBY ORDERED as follows:

1. Riverside Elevators may, after the effective date hereof and on or before February 28, 1947, issue to The Capital



National Eank of Sacramento its 44% installment note for the principal sum of not exceeding \$120,000, and execute a deed of trust to secure the payment of such note, said note and said deed of trust to be in, or substantially in, the same form as the note and deed of trust filed in this proceeding as Exhibits "3" and "5", respectively.

2. Riverside Elevators may, after the effective date hereof and on or before February 28, 1947, issue to The Capital National Bank of Sacramento its 44% installment note for the principal sum of not exceeding \$30,000, and execute a chattel mortgage to secure the payment of said note, said note and said chattel mortgage to be in, or substantially in, the same form as

the note and chattel mortgage filed in this proceeding as Exhibits "4" and "6", respectively.

3. Riverside Elevisors shall use the proceeds realized through the issue of said nodes to pay the balances due on notes issued to the American Trust Company and/or Reconstruction Finance Corporation, and to pay notes due contractors, to which reference is made in its application.

4. The authority herein granted will become effective when Riverside Elevators has paid the fee prescribed by Section 57 of the Public Utilities Act; which fee is One Hundred Fifty (\$150.00) Dollars.

5. (Riverside Elevators shall file a report, or reports, as required by the Commission's General Order No. 24-A, which order, insofar as applicable, is made a part of this order.

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6. Within thirty (30) days after the issue of said notes, Riverside Elevators shall file with the Commission a true and correct copy of the notes issued under the authority herein granted, and a true and correct copy of the deed of trust and of the chattel mortgage executed under such authority.

Dated at minimerica, California, this 164 day

of December, 1946.

Commissioners

