

ORIGINAL

Decision No. 41165

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application )

of )

PACIFIC MILL & ELEVATOR CO., a )  
corporation, for an Order )  
authorizing execution of promis- )  
sory note, together with deed of )  
trust and chattel mortgage. )  
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Application  
No. 29028

O P I N I O N

This is an application to the Public Utilities Commission for an order authorizing Pacific Mill & Elevator Co. to execute a deed of trust and a chattel mortgage and to issue a note in the principal amount of \$75,000 for the purpose of paying outstanding indebtedness.

The application shows that Pacific Mill & Elevator Co. was organized on or about April 6, 1946, and that during that year and during 1947 it caused the construction of grain elevator and mill facilities in Artois, Glenn County. The application shows that it now is engaged in the business of storing cereal grains in bulk and warehousing such grains in sacks or other types of containers; processing and mixing grains with concentrates and other standard feeds, for customers as well as for sale; cleaning, drying, rolling, processing, and doing all other things customary in similar businesses of milling and handling of cereal grains, including the business of public weighing and warehousing of such grains. In Exhibit "C" attached to the

present application, the company reports that for the year ending December 31, 1947, its operating revenues were in the total amount of \$50,135.35 and its operating expenses, including depreciation and an allowance for federal income tax, in the amount of \$42,265.32, leaving a net profit of \$7,870.03.

The company reports its assets and liabilities as of December 31, 1947, as follows:

#### Assets

Fixed assets -		
Sack storage warehouse-Artois	\$ 7,528.10	
Bulk storage plant-Artois	73,714.63	
Bulk storage plant-Kaiser	9,000.00	
Machinery and equipment	24,076.13	
Furniture and fixtures	193.76	
Autos and trucks	1,261.23	
	<u>115,773.85</u>	
Less-reserve for depreciation	5,092.92	
Total fixed assets		\$110,680.93
Accounts receivable		17,741.62
Deferred charges		<u>467.99</u>
Total		<u>\$128,890.54</u>

#### Liabilities

Notes payable to banks	\$ 35,000.00
Other notes	4,000.00
Due Berlinger Construction Co.	55,479.72
Other accounts payable	10,691.07
Capital and surplus	<u>23,719.75</u>
Total	<u>\$128,890.54</u>

The properties of the company are reported to include 16 circular grain storage bins with a capacity of 400 tons each, 28 interstice bins with a capacity of 95 tons each, a warehouse building used for sack storage with a capacity of 3,000 tons, a five-story mill building, and the necessary and incident machinery and equipment for the elevators and mill, including a scale house. It is reported that the plant of the company was

designed and constructed by Berlinger Construction Company, which company is wholly owned by Roy Berlinger, applicant's president, and that such construction was done by said company at actual cost without profit to it. As indicated by the foregoing balance sheet, applicant records its plant costs on its books in the total amount of \$115,773.85.

It appears that applicant has financed the cost of its properties largely with advances on open account from Berlinger Construction Company and with bank loans. The \$35,000 note payable to banks referred to in the preceding balance sheet, represents a note in favor of The Anglo California National Bank, issued under authority granted by the Commission by Decision No. 40090, dated March 25, 1947, for the purpose of financing construction costs. Said note, it is now reported, has been reduced to \$28,000 since the date of the balance sheet.

Applicant reports the necessity of refinancing its outstanding indebtedness. Accordingly, it has made arrangements to borrow from California-Western States Life Insurance Company the sum of \$75,000, to be represented by a note bearing interest at the rate of 4½% per annum and payable in ten annual installments, secured by a deed of trust and by a chattel mortgage. The moneys thus received will be used to pay the outstanding bank loan of \$28,000 and to liquidate in part the advances from Berlinger Construction Company.

A copy of the proposed note has been filed with the application as Exhibit "A", a copy of the proposed deed of trust as Exhibit "B", and a copy of the proposed chattel mortgage as Exhibit "C".

O R D E R

The Public Utilities Commission having considered the above entitled matter and being of the opinion that a public hearing is not necessary, that the application should be granted, as herein provided, and that the money, property or labor to be procured or paid for through the issue of said note is reasonably required by applicant for the purposes specified herein, which purposes are not, in whole or in part, reasonably chargeable to operating expenses or to income, therefore,

IT IS HEREBY ORDERED as follows:

1. Pacific Mill & Elevator Co., after the effective date hereof and on or before April 30, 1948, may issue a note in the principal amount of \$75,000 and may execute a deed of trust and a chattel mortgage, which note, deed of trust and chattel mortgage shall be in, or substantially in, the same form as those filed in this proceeding as Exhibits "A", "B" and "C", respectively, and shall use the proceeds to pay its outstanding bank loan of \$28,000 and to pay in part advances from Berlinger Construction Company used in the construction of its plant and properties.

2. Applicant shall file with the Commission a report, or reports, of the issue of the note herein authorized and of the disposition of the proceeds as required by the Commission's 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 applicant has paid the fee prescribed by Section 57 of the

Public Utilities Act, which fee is forty-seven (\$47.00) dollars.

Dated at San Francisco, California, this 27<sup>th</sup> day  
of January, 1948.

R. J. Durrant

Robert H. Hume  
Harold P. Kuba

Commissioners

