

ORIGINALDecision No. 43087

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of

RIVERSIDE ELEVATORS, a
California CorporationApplication
No. 30418for an order authorizing the issuance
of evidences of indebtedness.**O P I N I O N**

In this application, Riverside Elevators asks permission to execute loan agreements evidencing indebtedness in the aggregate amount of not exceeding \$45,000.

The application shows that Riverside Elevators is a California corporation engaged in the bulk storage and handling of grain and other commodities near Isleton in Sacramento County. The application further shows that for the fiscal year ended May 31, 1949, its revenues were \$134,361.50 and its net profit, after depreciation and taxes, \$17,471.31. It shows its assets and liabilities as of May 31, 1949 as follows:

<u>Assets</u>		
Current assets-		
Cash	\$16,919.04	
Accounts receivable	26,528.98	
Inventories	<u>7,185.40</u>	
Total current assets		\$ 50,633.42
Fixed assets- less depreciation		
reserve of \$54,686.78		276,241.77
Deferred charges		7,031.74
Organization expense		<u>14,261.17</u>
Total		<u>\$348,168.10</u>

<u>Liabilities</u>	
Current liabilities	\$ 18,012.05
Notes payable	280,820.00
Capital stock	24,000.00
Surplus	<u>25,336.05</u>
Total	<u>\$348,168.10</u>

Applicant's present facilities include a reinforced concrete storage building, a corrugated iron building, together with head house, drier tower, fan rooms, delivery and discharge enclosures, scale house, truck scale pit, drying, cleaning, cooling and other machinery and equipment, together with the land upon which they are situated, all with a storage capacity of about 15,000 tons. It now desires to construct and equip, at an estimated cost of \$45,000, an additional bulk storage grain warehouse adjacent to its present facilities. It reports, in this connection, that there is a substantial increase in the demand by grain growers for additional bulk storage facilities at Isleton, that it is not in a position to provide permanent financing for the construction of such additional warehouse space, and that certain grain growers have offered to advance to it out of the proceeds from the sale or loan upon their 1949 grain crops, various amounts aggregating \$37,000 to finance the construction of such new warehouse. Applicant is of the opinion that additional amounts can be obtained from other growers to provide the remaining \$8,000 necessary to meet the estimated cost.

The proposed new facilities will consist of a Stran-Steel corrugated iron building, 32 x 252 feet in dimensions, together with concrete flooring, and blower and other machinery and equipment, capable of providing capacity for storage of 3,000 tons of grain. The building will be erected on land leased from Southern Pacific Company for twenty years at an annual rental of \$100.00.

No notes will be issued to represent the sums borrowed from grain growers. It is applicant's intention to execute a loan agreement with each lender, a copy of which agreement has been filed in this proceeding as Exhibit "1". Under the terms of said agreement applicant agrees to repay the amount of the loan without interest, in installments, as follows: Within 90 days following the close of applicant's fiscal year ending May 31, 1950, it will pay to each lender that proportion of its "net storage revenue" from the storage of grain in the new warehouse during said fiscal year which the amount of said loan bears to the total cost of constructing and equipping the warehouse; and annually thereafter it will pay to each lender a like proportion of said net storage revenue during each such succeeding fiscal year (but not exceeding in the aggregate the amount of said loan) until the amount of the loan is repaid in full. Repayments (at applicant's option) may be accelerated. The term "net storage revenue" as used in the agreement means applicant's gross revenue from the storage of grain in the new warehouse, less the following costs and expenses: The cost of insurance, including insurance on the warehouse and on the grain stored therein and in the process of handling, and public liability and workmen's compensation insurance; taxes and licenses on the warehouse (not including income or franchise taxes); the cost of conditioning, elevating, reelevating, and fumigating grain stored in the warehouse; inspection charges; the cost of labor and payroll charges thereon directly allocable to storage of grain in the warehouse; that portion of applicant's office expense, office and supervisory salaries, cost of supplies, and cost of light, water and power, allocable to the storage of grain in the warehouse; the actual cost of maintenance and repairs to the warehouse and rental, if any, paid for the land on which the warehouse is located.

O R D E R

Riverside Elevators having applied to the Public Utilities Commission for authority to execute loan agreements, and the Commission having considered the matter and being of the opinion that a public hearing thereon is not necessary, that the money, property or labor to be procured or paid for through the execution of said loan agreements is reasonably required for the purpose specified herein; that such purpose is not, in whole or in part, reasonably chargeable to operating expenses or to income and that this application should be granted, as herein provided, therefore,

IT IS HEREBY ORDERED as follows:

1. Riverside Elevators, after the effective date hereof and on or before October 31, 1949, may execute loan agreements in, or substantially in, the same form as that filed in this proceeding as Exhibit "1", evidencing sums borrowed in the aggregate amount of not exceeding \$45,000, for the purpose of financing the cost of constructing and equipping the warehouse facilities referred to in the opinion preceding this order.

2. Within thirty days after the execution of each loan agreement under the authority herein granted, Riverside Elevators shall file with the Commission a statement showing the name, or names, of those from whom monies were borrowed under each of such loan agreements and the amounts so borrowed. It shall also file with the Commission on or before December 31, 1949, a statement showing in some detail, the purposes for which the monies obtained through the execution of said loan agreements were used.

3. 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 \$45.00.

Dated at San Francisco, California, this 6th day of July 1949.

R. E. [Signature]

[Signature]

Harold A. [Signature]

[Signature]

Commissioners

