

ORIGINAL

Decision No. 42786

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application)
of)
3G GRAIN DRYER & ELEVATOR CO.,)
a corporation, for an order)
authorizing the issuance of a)
promissory note and the execution)
of a mortgage securing the same.)
-----)

Application
No. 30871

O P I N I O N

Applicant herein, 3G Grain Dryer & Elevator Co., is a California corporation organized on June 13, 1949, and now engaged in the business of receiving, drying and storing grain in bulk at Cement City, Solano County, about four miles from Suisun. In this application, it seeks permission to execute a mortgage of chattels and of real property and to issue a note in the principal amount of \$88,000 for the purpose of financing the cost of its properties and of providing working capital.

Applicant has filed with the Commission its schedule, effective December 10, 1949, naming rates, rules and regulations for its public utility warehouse service. Prior to that time it issued and sold 1,050 shares of common stock for cash at \$100 a share, and purchased certain properties from Leland J. Soto, et al., under a contract of purchase providing for a total payment of \$50,721.84 on or before January 3, 1950, and it expended \$136,059.96 in improving, reconstructing and equipping such properties. Its

properties presently owned include 3.35 acres of land, 15 bins, 60' x 20' inside diameter, with eight interstice bins, and elevators, conveyors, driers, fans, motors, dump pit and unloading facilities, scale pit and scales, scale house and office and a 10,000-gallon butane tank. Its plant was completed on October 1, 1949.

A financial statement filed in this proceeding shows applicant's investment in its assets as of November 30, 1949, and the sources of its funds, as follows:

Assets

Cost of land, buildings and equipment	\$186,781.80
Prepaid expenses	<u>3,599.25</u>
Total	<u>\$190,381.05</u>

Liabilities

Accounts payable -	
Due Leland J. Soto, et al.	\$ 36,221.84
Due for purchases of equipment	5,278.16
Due Gordon Greene Guiberson Trust for cash advances for acquisition and improvement of property	<u>43,881.05</u>
Total accounts payable	85,381.05
Capital stock--1,050 shares, no par value	<u>105,000.00</u>
Total	<u>\$190,381.05</u>

Applicant now desires to borrow the sum of \$88,000 to refinance its outstanding accounts payable on a longer term basis and to provide \$2,618.95 of working capital. On December 5, 1949, it obtained from the Reconstruction Finance Corporation a loan authorization for that amount, which provided, among other things, that it qualify as a public utility. Under the terms of the authorization, the sum to be borrowed will be represented by a note in the principal amount of \$88,000, with interest at the rate of 4% per annum, with a schedule for repayment calling for quarterly payments

on the principal of \$3,310 each on January 1, April 1, July 1 and October 1 of each year, beginning on April 1, 1950, and 50% of the net earnings before depreciation but after federal and state income taxes, first applicable for the fiscal year ending December 31, 1950. Final payment will be made on or before January 1, 1955.

The payment of the note will be secured by a mortgage of chattels and of real property on applicant's land, buildings, machinery and equipment. In addition, applicant is required to execute certain collateral agreements relating to compensation for services, maintenance of insurance, after-acquired property and a limitation on expenditures of \$2,500 in any one year for development, research, acquisition of capital assets and improvement of fixed assets without the prior written consent of the agency manager of the Reconstruction Finance Corporation. The loan will be further secured by the guarantee of Gordon Greene Guiberson and Gordon Greene Guiberson Trust in whose name the outstanding shares of stock stand, and by the pledge, with voting rights, of applicant's presently outstanding shares of stock, together with an agreement by said trust similarly to pledge any of applicant's stock it may hereafter acquire.

Applicant's plant is available for the 1949-50 rice season. It estimates that with operations at three-fourths capacity its revenue from drying and storing rice and storing barley will be approximately \$53,050 with expenses, excluding depreciation, of approximately \$20,000. Following the completion of its facilities, it received on December 9, 1949, the sum of \$27,094 from the Rice Growers Association of California in payment of grain which had been

dried for its customers, which amount will provide it with additional working capital in its operations.

A review of the application indicates that applicant has need for the funds it will obtain through the issue of the proposed note and an order accordingly will be entered in response to its request.

ORDER

The Commission having considered the above entitled matter and being of the opinion that a public hearing thereon is not necessary, that the application should be granted as herein provided, that the money, property or labor to be procured or paid for through the issue of a note for \$88,000 is reasonably required for the purposes specified herein and that such purposes are not, in whole or in part, reasonably chargeable to operating expenses or to income,

IT IS HEREBY ORDERED as follows:

1. 3G Grain Dryer & Elevator Co., after the effective date hereof and on or before March 31, 1950, may issue to the Reconstruction Finance Corporation a 4% promissory note for the sum of not exceeding \$88,000 under the terms set forth in this application, and may execute a mortgage of chattels and of real property to secure the payment of said note, which note and mortgage of chattels and of real property shall be in, or substantially in, the same form as those filed in this proceeding.

2. Applicant shall use the proceeds to be received through the issue of said note to pay indebtedness and to finance the cost of its properties and to provide working capital to improve and maintain its service and facilities.

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 eighty-eight (\$88.00) dollars.

4. If applicant exercises the authority herein granted, it shall file with the Commission, on or before April 30, 1950, a copy of the loan agreement with the Reconstruction Finance Corporation, a copy of the note and a copy of the mortgage of chattels and of real property as actually executed, together with a statement showing the purposes for which it expended the proceeds obtained through the issue of said note.

Dated at San Francisco, California, this 24th day of January, 1950.

R. J. [Signature]
Justice F. [Signature]
Samuel P. [Signature]
Reverend P. [Signature]
Commissioners

