

ORIGINAL

Decision No. 44081

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of)
DEN DULK WAREHOUSE & FEED COMPANY, INC.,)
a California corporation, for a permit)
to issue preferred stock in exchange for)
notes and for leave to encumber warehouse)
property.)
-----)

Application
No. 31273

O P I N I O N

This is an application for an order authorizing Den Dulk Warehouse & Feed Company, Inc. to execute a deed of trust and a mortgage of chattels, to issue a note for \$35,000 and to issue 245 shares of its preferred stock, of the aggregate par value of \$24,500, for the purpose of paying indebtedness and of financing the cost of equipment.

Applicant is engaged in the public utility warehouse business and in the merchandise business in Ripon, San Joaquin County. It is a California corporation organized on or about June 10, 1949, with an authorized capital stock of 7,500 shares of the par value of \$100 each, classified into 5,000 shares of common stock and 2,500 shares of preferred stock, of which there presently are outstanding 1,147 shares of common stock. The shares of preferred stock, none of which have been issued, are entitled to cumulative dividends at the rate of five (5%) per cent per annum, and are redeemable at the option of the applicant at par plus accrued dividends.

In Exhibit B filed in this proceeding, applicant reports its assets and liabilities, as of December 31, 1949, as follows:

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In Exhibit B filed in this proceeding, applicant reports its assets and liabilities, as of December 31, 1949, as follows:

Assets

Current assets -		
Cash	\$12,021.59	
Notes and accounts payable	61,334.87	
Inventories	32,425.70	
Prepaid expenses	<u>1,237.81</u>	
Total current assets		\$107,019.97
Plant and equipment, less depreciation reserve of \$26,876.58		111,620.38
Organization expense		<u>317.38</u>
	Total	<u>\$218,957.73</u>

Liabilities

Current liabilities -		
Unsecured bank loans	\$12,000.00	
Notes and accounts payable	49,463.07	
Other items	<u>753.03</u>	
Total current liabilities		\$ 62,216.10
Long-term liabilities		33,750.00
Common stock		114,700.00
Paid-in capital		<u>12,974.50</u>
Deficit		<u>(4,682.87)</u>
	Total	<u>\$218,957.73</u>

Since the date of the balance sheet, applicant has increased its unsecured bank loans to \$22,000. It reports that such loans, together with its long-term liabilities, were incurred by it in acquiring the properties it now operates and in providing working capital. It now has found it necessary, and accordingly proposes, to refinance a portion of its outstanding liabilities through the issue of the note and the preferred stock covered by this application. Subject to receiving permission from the Commission, it intends to issue the 245 shares of preferred stock to John VanderKraan and to William den Dulk, in exchange, at dollar for dollar, for a 4-1/2% secured note due in 1951 in the principal amount of \$20,500 and for a 4-1/2% unsecured note due in 1951 in the principal amount of \$4,000. It proposes to use the \$35,000 to be obtained through the issue of the new note to pay and discharge the

presently unsecured bank loans of \$22,000, and a secured loan of \$6,750 in favor of Southern Pacific Company, (1) and to pay the cost of additional equipment consisting of a molasses mixer, scale, mixing bins and a delivery truck.

The sum to be thus borrowed will be represented by a note in favor of Bank of America National Trust and Savings Association in the principal amount of \$35,000, with interest at the rate of 5% per annum on deferred balances, said note to be payable in equal successive monthly installments of \$500 beginning on July 2, 1950, and continuing until April 2, 1955, on which latter date the entire balance of principal and interest then unpaid shall be due. The payment of the note will be secured by a deed of trust and by a mortgage of chattels.

The Commission has considered this application and is of the opinion that applicant has need for the funds to be obtained through the issue of the note and the preferred stock. An order accordingly will be entered.

O R D E R

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 \$35,000 and preferred stock in the aggregate amount of \$24,500 is reasonably required by Den Dulk

(1)

The note in favor of Southern Pacific Company was issued pursuant to authority granted by Decision No. 42898, dated May 24, 1949.

Warehouse & Feed Company, Inc. for the purposes specified herein and that such purposes are not, in whole or in part, reasonably chargeable to operating expenses or to income; therefore,

IT IS HEREBY ORDERED as follows:

1. Den Dulk Warehouse & Feed Company, Inc., after the effective date hereof and on or before September 30, 1950, may execute a deed of trust and a mortgage of chattels and may issue its promissory note in the principal amount of \$35,000, which deed of trust, mortgage of chattels and promissory note shall be in, or substantially in, the same form as those filed in this proceeding, and may issue not exceeding 245 shares of its preferred stock of the aggregate par value of \$24,500.
2. Applicant shall use the proceeds to be obtained through the issue of said note for the purpose of paying indebtedness and of financing the cost of additional equipment as set forth in this proceeding, and shall issue said shares of preferred stock in exchange, at dollar for dollar, for outstanding indebtedness.
3. Applicant shall file with this Commission a report, or reports, as required by General Order No. 24-A, which order, insofar as applicable, is made a part of this order.
4. The authority herein granted will become effective when applicant has paid the fee prescribed by Section 57 of the Public Utilities Act.

A.31273 MMW

Dated at San Francisco, California, this 25th day
of April, 1950.

R. E. Anderson
Justin F. Casner
James H. Muelo
Harold F. Hale
Herbert H. Lott
Commissioners

