

ORIGINAL

Decision No. 44830

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application)	
of	:	
N. F. DAVIS DRIER AND ELEVATOR,)	
a corporation,	:	
)	Application
For an Order Authorizing and	:	No. 31647
Ratifying the Execution of a Note)	(and Amendment)
Secured by an Encumbrance upon	:	
Public Utility Property.)	
-----	:	

O P I N I O N

Applicant herein, N. F. Davis Drier and Elevator, is a California corporation engaged in the business of drying and storing rice. The principal office of the corporation and its plant are located one-half mile north of Firebaugh, Fresno County. In this application as amended, it seeks permission to execute a deed of trust and to issue a note in the principal amount of \$40,000, for the purpose of financing in part the cost of constructing additional facilities.

Applicant reports for the fiscal year ended April 30, 1950, total income of \$108,374.43, expenses of \$59,636.09, other charges, including federal income tax, of \$19,503.25, and net profit of \$29,235.09. As of April 30, 1950, according to Exhibit C filed in this proceeding, it reports assets and liabilities as follows:

<u>Assets</u>		
Cash and accounts receivable		\$ 19,035.54
Permanent assets -		
Cost	\$218,293.39	
Accrued depreciation	<u>40,003.78</u>	
Net		178,289.61
Deferred charges		<u>3,446.79</u>
	Total	<u>\$200,771.94</u>

Liabilities

Current liabilities		\$ 42,411.26
Long-term notes -		
Bank of America	\$30,000.00	
W. C. Davis Estate	<u>29,279.75</u>	59,279.75
Liability due stockholder		5,114.89
Common stock		45,000.00
Earned surplus		<u>48,966.04</u>
	Total	<u>\$200,771.94</u>

Applicant now desires to borrow the sum of \$40,000 to finance in part the cost of constructing additional facilities which will provide about 3,000 tons of additional bulk storage space and will increase the rice drying capacity of the plant approximately 70%. Applicant estimates that the total cost of constructing the additional facilities will be approximately \$70,000, of which \$30,000 will be provided by applicant from its own funds and \$40,000 will be borrowed from C. E. Grosjean Rice Milling Co. The sum to be thus borrowed will be represented by a note payable in annual installments of \$6,666.66 during each of the years 1951 to 1956, inclusive, with interest on the unpaid balances, payable semi-annually, at the rate of 5% per annum. A copy of the note which applicant proposes to issue is attached to the application as Exhibit A.

The payment of the note will be secured by a deed of trust covering all property of applicant, including the additional facilities to be constructed. The deed of trust, to be executed in favor of C. E. Grosjean Rice Milling Co., will be subject to two prior trust deeds which were issued under the authority of this Commission's Decision No. 42424, dated January 18, 1949. A copy of the deed of trust is attached to the application as Exhibit B.

Applicant advises that during the rice harvesting and drying period of 1949 there was a much greater demand for rice drying and of rice storage facilities than applicant could fill. It

was forced to ask many of its customers to wait for considerable periods of time before bringing their rice to its plant for drying because of the backlog of drying work that had been built up. The additional facilities which applicant now proposes to construct will be ready for service during the 1950 rice season. The additional revenues from storage made available by the new facilities are estimated to amount to approximately \$3,000 per annum.

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

Q 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 the note herein authorized is reasonably required by applicant for the purpose specified herein; and that such purpose is not, in whole or in part, reasonably chargeable to operating expenses or to income; therefore,

IT IS HEREBY ORDERED as follows:

1. N. F. Davis Drier and Elevator, after the effective date hereof and on or before December 31, 1950, may issue to C. E. Grosjean Rice Milling Co. a 5% promissory note for the sum of not exceeding \$40,000 under the terms set forth in this application, and may execute a deed of trust to secure the payment of said note, which note and deed of trust 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 finance in part the cost of constructing additional facilities.

3. Applicant, within thirty (30) days after the execution thereof, shall file with the Commission a copy of the note and a copy of the deed of trust as actually executed.

4. 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 (\$40.00) dollars.

Dated at San Francisco, California, this 26th day of September, 1950.

R. J. [Signature]
Justin J. [Signature]
George F. [Signature]
Harold S. [Signature]
[Signature]
Commissioners

