

Decision No. 46217**ORIGINAL**

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application	)	
of	:	
JEFFERYS' MILL & WAREHOUSE	)	
COMPANY, INC.,	:	Application
a corporation,	)	No. 32723
	:	
For Permission to Execute a Note	)	
Secured by Deed of Trust.	:	
-----	)	

O P I N I O N

This is an application for an order of the Commission authorizing Jefferys' Mill & Warehouse Company, Inc. to execute a deed of trust and to issue a note in the principal amount of \$50,000 for the purpose of refinancing outstanding indebtedness, of paying for equipment, and of providing working capital.

Applicant is a California corporation organized on or about June 2, 1948. It is engaged in merchandising activities in Winters and, incidentally thereto, in the operation of public utility warehouses for the storage of grain, its utility activities accounting for a small portion of its total revenues. For the twelve-month periods ended May 31, 1949, 1950 and 1951, it reports revenues and expenses as follows:

	<u>Twelve Months Ended</u>		
	<u>May 31, 1949</u>	<u>May 31, 1950</u>	<u>May 31, 1951</u>
Warehouse operations:			
Revenues	\$ 17,213.42	\$ 16,498.34	\$12,473.00
Expenses	<u>11,785.71</u>	<u>12,751.60</u>	<u>11,964.97</u>
Net	5,427.71	3,746.74	508.03
Non-warehouse operations:			
Revenues	71,631.20	80,201.24	92,882.49
Expenses	<u>75,879.36</u>	<u>83,821.60</u>	<u>75,665.93</u>
Net	<u>(4,248.16)</u>	<u>(3,620.36)</u>	<u>17,216.56</u>
Total net revenues	<u>\$ 1,179.55</u>	<u>\$ 126.38</u>	<u>\$17,724.59</u>

In Exhibit A filed in this proceeding, applicant has reported its assets, liabilities and net worth as of May 31, 1951, as follows:

Assets

Current assets -		
Cash	\$ 8,983.68	
Accounts receivable	35,486.67	
Merchandise inventory	<u>40,019.15</u>	
Total current assets		\$ 84,489.50
Fixed assets -		
Cost	133,634.89	
Allowance for depreciation	<u>49,798.32</u>	
Net fixed assets		83,836.57
Prepaid expenses		4,663.33
Organization expense		<u>377.62</u>
		<u>\$173,367.02</u>
	Total	

Liabilities and Net Worth

Current liabilities -		
Notes to Bank of Davis	\$ 10,000.00	
Trade acceptances	52,042.25	
Other notes and accounts payable	32,467.85	
Accrued liabilities	<u>4,187.27</u>	
Total current liabilities		\$ 98,697.37
First deed of trust		16,880.00
Total liabilities		<u>115,577.37</u>
Preferred stock		15,000.00
Common stock		40,000.00
Retained earnings		<u>2,789.65</u>
		<u>\$173,367.02</u>
	Total	

A reference to applicant's financial statements indicates that it has financed its assets, in part, through the issue of short-term, 6% notes to Bank of Davis in the amount of \$10,000 and the execution of a first deed of trust in favor of said bank, also with interest at the rate of 6% per annum, in the principal amount of \$16,880, as of May 31, 1951, the amount subsequently having been reduced. Applicant reports that it desires to consolidate these two items of indebtedness and to increase its total borrowings to \$50,000, for the following purposes:

Payment of short-term notes	\$10,000
Payment of deed of trust	16,070
Construction of new processing equipment for stock feed	8,000
For working capital	<u>15,930</u>
Total	<u>\$50,000</u>

The sum to be thus borrowed will be represented by a note to be payable in monthly installments of approximately \$700, with interest at the rate of 5% per annum.

It appears from a review of applicant's financial statements that it has need for additional funds from external sources to pay its indebtedness and to improve its cash position. Applicant has not yet filed with the Commission a copy of the deed of trust which it proposes to execute to secure the payment of the proposed note, and it reports that the same will not become available until the loan has been approved. The order herein, accordingly, will authorize applicant to issue the note but will provide that such authority will become effective when applicant has filed a copy of the proposed indenture with the Commission and has received a supplemental order authorizing its execution.

#### 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 the note herein authorized is reasonably required by applicant 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,

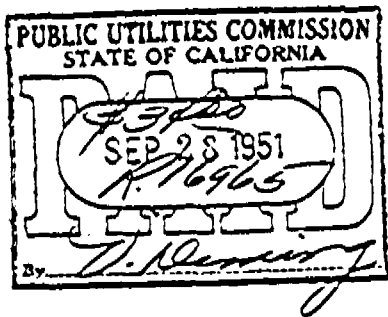
IT IS HEREBY ORDERED as follows:

1. Jefferys' Mill & Warehouse Company, Inc., after the effective date hereof and on or before December 31, 1951, may issue a note in the principal amount of \$50,000, payable as indicated herein, for the purposes set forth in this application.

2. The authority herein granted will become effective when applicant has paid the fee prescribed by Section 1904 of the Public Utilities Code (formerly Section 57 of the Public Utilities Act), and has filed a copy of its proposed deed of trust to secure the payment of said note, and when the Commission by a supplemental order has authorized the execution of said deed of trust.

3. Applicant shall file with the Commission monthly reports as required by General Order No. 24-A, which order, insofar as applicable, is made a part of this order.

Dated at San Francisco, California, this 25<sup>th</sup> day of September, 1951.



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President  
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Commissioners