

Decision No. 46346

ORIGINAL

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application
of
TERHEL FARMS DRIER & STORAGE CO.

for an order authorizing the sale and
issuance of its shares of stock and for
an order authorizing the assumption of
certain indebtedness of TERHEL FARMS,
INC.

Application
No. 32837

O P I N I O N

Terhel Farms Drier & Storage Co. is a California corporation organized on July 7, 1951, for the purpose of engaging in the drying of barley, wheat, rice and other grains and in the operation of public utility storage facilities in Colusa County. In this application it seeks authorization to assume the payment of indebtedness represented by a note in the principal amount of \$170,000 and a deed of trust, and to issue 1,200 shares of common stock of the par value of \$120,000 in part payment for certain real property, facilities and equipment to be acquired from Terhel Farms, Inc.

The real property consists of ten acres of land in Colusa County presently encumbered by a note dated June 20, 1951, in favor of Bank of America National Trust and Savings Association, secured by a deed of trust, in the principal amount of \$170,000, payable in annual installments of \$20,000, beginning June 20, 1952, with final payment on June 20, 1956, plus interest payable quarterly at the rate of 5% per annum on deferred balances. The improvements and equipment, which were installed or purchased by Terhel Farms, Inc. during 1950 and 1951, include a dryer and storage building, machinery, equipment,

scales, office furniture and facilities, and other assets and equipment. The purchase price to be paid by applicant is the sum of \$306,178.24, which is said to represent the cost to Terhel Farms, Inc. as disclosed by its books as of July 31, 1951. Payment will be made through the assumption by applicant of the outstanding note and of certain items of current indebtedness and the issue of the shares of common stock..

Applicant contemplates year-round operations. It estimates its annual revenues in the amount of \$150,650, including \$38,500 from storage operations, and expenses, exclusive of interest and income taxes, in the amount of \$45,600. It reports that initially it will require \$25,000 for working capital and that it proposes to borrow said sum from Bank of America National Trust and Savings Association for this purpose, although no authorization is requested with respect to this item. Applicant, of course, may issue an unsecured note payable on or before twelve months after its date, and may assume indebtedness payable at periods of twelve months or less, without obtaining an order from the Commission.

Upon the basis of the information set forth in this application it appears that an order granting applicant's requests should be entered. To enable applicant to undertake its public storage operations without delay, the authority granted at this time will become effective at once.

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 stock 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. Terhel Farms Drier & Storage Co., after the date hereof and on or before December 31, 1951, in part payment for the properties and assets referred to in this proceeding, may assume the payment of the long-term note for \$170,000 and the deed of trust, filed in this proceeding as Exhibit F and Exhibit G, respectively, and may issue not exceeding \$120,000 par value of common stock.

2. The action taken herein shall not be construed to be a finding of the value of the properties referred to herein.

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.

4. The authority herein granted is effective upon the date hereof.

Dated at San Francisco, California, this 30th day of October, 1951.

R. E. Anderson
President
James F. Galloway
Harold F. Hill
Francis J. Gattis
John L. Whitehill
Commissioners