

ORIGINAL

Decision No. 46403

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of)	
RIVERSIDE ELEVATORS, a California	:	
corporation, for an order authorizing)	
the issuance of a note and the execution	:	Application
of a deed of trust and chattel mortgage)	No. 32853
securing the same, to discharge out-	:	
standing obligations.)	
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O P I N I O N

In this application the Commission is asked to make an order authorizing Riverside Elevators to execute a deed of trust and a mortgage of chattels, and to issue a promissory note in the principal amount of \$200,000, for the purpose of refunding outstanding indebtedness.

Applicant is a California corporation engaged as a public utility warehouseman in bulk storage and handling of grain and other commodities at its warehouse located on the east bank of the Sacramento River near Isleton, in Sacramento County. It reports its net investment in its properties as of September 30, 1951, in the amount of \$266,466.68, its investment in other assets in the amount of \$19,261.17, and its current assets at \$97,700.92, making total assets of \$383,428.77.

The application indicates that in financing its assets and operations applicant has issued and outstanding eight promissory notes in the principal amount of \$196,000. The original amounts of said notes and the unpaid balances, together with the names of the payees, are shown in the following tabulation:

<u>Payee</u>	<u>Original Amount</u>	<u>Rate of Interest</u>	<u>Unpaid Balance</u>
1. Anglo Calif. Nat. Bank	\$120,000	4 $\frac{1}{2}$ %	\$ 75,000
2. Anglo Calif. Nat. Bank	30,000	4 $\frac{1}{2}$ %	5,000
3. Wallace McCormack, et al.	86,400	6 %	86,400
4. Eugene R. Warren	6,480	6 %	6,480
5. B. M. Abraham, et al.	10,800	6 %	10,800
6. Bales-Young Grain Co.	4,320	6 %	4,320
7. Anglo Calif. Nat. Bank	15,000	4 $\frac{1}{2}$ %	6,000
8. Anglo Calif. Nat. Bank	<u>5,000</u>	4 $\frac{1}{2}$ %	<u>2,000</u>
Total	<u>\$278,000</u>		<u>\$196,000</u>

The notes in favor of The Anglo California National Bank, which are referred to in the preceding tabulation, were issued under authority granted by the Commission by Decision No. 39721, dated December 16, 1946, and Decision No. 42076, dated September 28, 1948. The \$75,000 note is payable in installments of \$15,000 on December 31, 1952, and of \$20,000 on December 31 of each of the years 1953 to 1955, inclusive. The \$5,000 note is payable on December 31, 1951, and the \$6,000 note and the \$2,000 note in favor of the bank are payable in installments aggregating \$4,000 on June 1 of each year until paid. The notes in favor of the other payees listed in the tabulation will be payable in five equal annual installments beginning one year after discharge of the notes in favor of the bank. The accrued and unpaid interest on the notes aggregates approximately \$40,000.

Applicant now desires to consolidate the eight items of indebtedness, and a portion of the accrued interest, into one new note in the principal amount of \$200,000, to be payable in annual installments of \$20,000 each commencing on the 31st day of December, 1952, and bearing interest on the unpaid principal at the rate of 5% per annum. The payment of the new note will be secured by a deed of trust covering its real property, buildings and improvements, and by a mortgage on its chattels, a copy of each of the proposed instruments being filed with the Commission on October 31, 1951. Applicant

reports that it will have sufficient funds on hand in excess of the proceeds to be received from the proposed note to discharge the balance of the accrued interest when it is due.

For the year ended May 31, 1951, applicant has reported its revenues from its warehouse operations at \$66,968.37 and its revenues from its other operations at \$49,433.38, a total of \$116,401.75, with net income of \$31,110.02 available for interest and other income charges. Its balance sheet as of September 30, 1951, shows cash and other current assets in the amount of \$97,700.92 and its current liabilities, aside from the notes now to be paid, at \$55,745.42.

It appears that the proposed transaction should improve applicant's financial position by funding the several items of indebtedness into one amount under arrangements providing for an orderly retirement of the obligation through reduced annual installments over a period of ten years. Accordingly, an order will be entered granting its request.

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 purpose specified herein; and that the expenditures for such purpose, except as otherwise authorized, are not, in whole or in part, reasonably chargeable to operating expenses or to income; therefore,

IT IS HEREBY ORDERED as follows:

1. Riverside Elevators, after the effective date hereof and on or before March 31, 1952, may execute a deed of trust and a mortgage of chattels in substantially the same form as those filed in this proceeding on October 31, 1951, and may issue its promissory note in the principal amount of not exceeding \$200,000 in substantially the same form as that filed in this proceeding as Exhibit 2, for the purpose of paying or refunding indebtedness of like amount.

2. Riverside Elevators 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.

3. The authority herein granted will become effective when Riverside Elevators has paid the fee prescribed by Section 1904 of the Public Utilities Code, which fee is one hundred twelve (\$112.00) dollars.

Dated at San Francisco, California, this 13th day of November, 1951.

[Signature]
President
[Signature]
[Signature]
[Signature]
Commissioners

