

Decision No. 47135

ORIGINAL

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of)	
Central Valley Warehouse and Milling	:	
Company, a Corporation, for an order)	Application
authorizing permission to execute a	:	No. 33386
note and chattel mortgage for the)	
borrowing of money.	:	
-----)	

O P I N I O N

This is an application for an order authorizing Central Valley Warehouse & Milling Co. to execute a mortgage of chattels and to issue a note in the principal amount of \$45,000 for the purpose of paying indebtedness and of financing the cost of improvements.

Applicant is a corporation engaged in the public utility storage of grain in Corcoran and in related activities. For the past four years it has reported its gross revenues and its net income or loss as follows:

	<u>Gross Revenues</u>	<u>Net Income or (Loss)</u>
1948	\$76,167.65	\$ 11,572.35
1949	34,558.70	(14,070.83)
1950	73,691.50	10,580.92
1951	13,858.54	(25,744.15)

As of the close of 1951 applicant reports its investment in its properties at \$159,094.66, with an offsetting reserve for depreciation of \$71,816.98. Its reports show that it has financed its investment in its assets primarily through the use of equity capital but that it had issued for this purpose, and now has outstanding, a promissory note in the principal amount of \$12,000 payable to Bank of America National Trust and Savings Association.

In this proceeding applicant reports that in order to render better service to the growers in its service area it has found it necessary to make certain repairs and improvements to its warehouse facilities and also to provide itself with additional working capital for use in its storage, shipping, purchasing and other activities. The repairs and improvements include the replacement of conveyors, the installation of larger motors, the improvement and remodeling of its cleaners, and the reinforcement of its warehouse building. The estimated cost of the additional work is stated at approximately \$22,000, and the additional working capital required is estimated at approximately \$11,000.

Applicant proposes to borrow \$45,000 for these purposes and for the purpose of paying the outstanding indebtedness of \$12,000. It reports that it has made arrangements to obtain the funds from Mr. Sidney J. W. Sharp, the borrowing to be represented by a note running for a period of five years and one month, with interest at the rate of 7% per annum. In this connection the Commission is informed that applicant has been unable to obtain money at a more favorable rate of interest.

Normally, the Commission would not be inclined to authorize the issue of a note bearing interest at the rate of 7% per annum in the light of prevailing conditions. However, in view of the information submitted in connection with this proceeding and considering applicant's earnings record, as reflected by its annual financial statements to the Commission, we will enter an order granting the request.

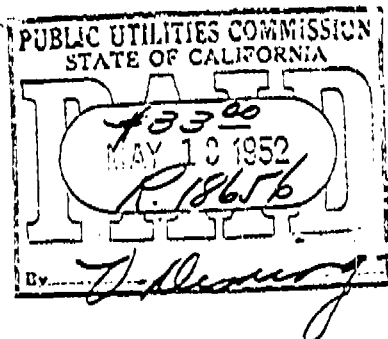
O R D E R

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 by 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. Central Valley Warehouse & Milling Co., after the effective date hereof and on or before August 31, 1952, may issue a promissory note in the principal amount of \$45,000 for the purposes specified in this application and may execute a mortgage of chattels, which note and mortgage of chattels shall be in, or substantially in, the same form as those filed in this proceeding.
2. 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.
3. The authority herein granted will become effective when applicant has paid the fee prescribed by Section 1904(b) of the Public Utilities Code, which fee is thirty-three (\$33.00) dollars.

Dated at San Francisco, California, this 13th day of May, 1952.



R. J. ...

 President

James F. ...

Harold ...

Kenneth ...

...

 Commissioners