

**ORIGINAL**

Decision No. 47752

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of	)	
SAN JOAQUIN ELEVATOR AND SUPPLY COMPANY,	)	Application
a corporation, for authorization to	)	No. 33740
execute a deed of trust.	)	
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OPINION AND ORDER

This is an application for an order authorizing San Joaquin Elevator and Supply Company to execute a deed of trust and to issue a note in the principal amount of \$131,000 for the purpose of refinancing indebtedness and of financing the cost of equipment.

Applicant is engaged in operating a grain elevator and warehouse and in conducting sales activities in and about the City of San Joaquin, in Fresno County. A summary statement of its revenues and expenses for the 12-months periods ended November 30, 1950, and November 30, 1951, is as follows:

	<u>1950</u>	<u>1951</u>
Income -		
Sales	\$318,187	\$201,640
Less-cost of goods sold	<u>280,890</u>	<u>190,324</u>
Gross profit from sales	37,297	11,316
Grain storage	63,487	46,658
Other income	<u>12,694</u>	<u>10,635</u>
Total income	113,478	68,609
Expenses, including general and administrative expenses	<u>91,489</u>	<u>68,410</u>
Net income	<u>\$ 21,989</u>	<u>\$ 199</u>

The expenses include \$16,676 for depreciation and \$12,510 for interest during the 1950 period, and \$18,986 for depreciation and \$11,821 for interest during the 1951 period. As of November 30,

1951, applicant reports its current assets in the amount of \$92,398 and its net investment in fixed assets at \$301,513.

The application indicates that applicant has financed itself in part through the issue of a note to Bank of America National Trust and Savings Association in the principal amount of \$84,000, payable in four annual installments and secured by a guaranty of the owners of applicant's outstanding stock and the pledge by the owners of their shares of applicant's stock and other securities. Applicant reports that the terms of the loan are onerous, that it desires to refinance the same on more favorable terms, and that it has made arrangements for Rosenberg Bros. & Co. Inc. to take over the loan upon the basis of repayment in ten equal annual installments with interest at the rate of 5½% per annum, without the personal guaranty of the stockholders. In addition, Rosenberg Bros. & Co. Inc. will install two drying units in applicant's premises, at a cost of \$47,000, and will turn them over to applicant at the same sum. It is proposed that applicant will issue to Rosenberg Bros. & Co. Inc. its note in the principal amount of \$131,000, representing the total of these two items of indebtedness, and will execute a deed of trust to secure the payment.

The Commission has considered this matter and is of the opinion that a public hearing 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. San Joaquin Elevator and Supply Company, after the effective date hereof and on or before February 28, 1953, may execute a deed of trust in substantially the same form as that filed in this proceeding, and may issue a promissory note in the principal amount of \$131,000, for the purposes set forth in this application.

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 one hundred thirty-one (\$131.00) dollars.

Dated at San Francisco, California, this 30<sup>th</sup> day of September, 1952.

A. T. [Signature]  
President

[Signature]

[Signature]

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Commissioners

