

ORIGINAL

Decision No. 50015

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of)	
	:	
ISLAND ELEVATORS,)	
a California corporation	:	
)	Application
for an order authorizing the issuance	:	No. 35405
of a note, and the execution of a deed)	
of trust and chattel mortgage securing	:	
the same, to discharge and refund)	
outstanding indebtedness.	:	
-----)	

OPINION AND ORDER

Island Elevators, applicant herein, is a corporation engaged in operating warehouse buildings and other facilities for the processing, bulk storage and handling of grain and other commodities at Ryer Island, Solano County. It was organized during 1950 for the purpose of taking over properties then operated by certain individuals and under authorization granted by Decision No. 45284, dated January 23, 1951, issued 250 shares of stock and executed an agreement to pay \$225,000 to the former owners of the properties it now operates, the said sum now being payable in semi-annual installments of \$9,000 plus additional payments depending on the volume of applicant's net income.

In the above entitled application filed on May 5, 1954, applicant reports that there is an unpaid balance on the principal amount covered by the agreement of \$189,000 and unpaid interest amounting to approximately \$19,800. It has made arrangements with the payees to retire the indebtedness in full by an immediate payment of \$150,000, thereby realizing important savings in its outstanding indebtedness.

Applicant proposes, and seeks authorization, to borrow the \$150,000 from The Pacific National Bank in order to consummate this transaction. The sum to be thus borrowed will be represented by a promissory note payable in semi-annual installments of \$7,500, commencing December 31, 1954, with interest at the rate of 4-1/2% per annum. The payment of the note will be secured by a deed of trust and by a mortgage of chattels.

Financial statements filed in this proceeding show that for the period from June 1, 1953, to March 31, 1954, applicant had gross revenues of \$112,827 and net profit of \$50,260, before making provision for taxes on income. The statements show applicants' investment in tangible and intangible assets at March 31 at \$258,272 and its current and prepaid assets at \$63,392. Its current liabilities were reported at \$1,356 and its long-term obligations at \$246,444, including the indebtedness it now seeks to refinance. Applicant's capital investment was stated at \$73,862.

It clearly appears that through the proposed transaction applicant will improve its financial position by reducing the amount of its long-term liabilities and correspondingly increasing its capital investment. The new arrangements will provide for a more convenient amortization of the indebtedness.

In our opinion a public hearing is not necessary in this matter, 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, which purpose is not, in whole or in part, reasonably chargeable to operating expenses or to income, and the application should be granted, as herein provided; therefore,

IT IS HEREBY ORDERED as follows:

1. Island Elevators, on and after the effective date hereof and on or before August 31, 1954, may issue a note in the principal amount of \$150,000 for the purpose of refinancing outstanding indebtedness and may execute a deed of trust and a mortgage of chattels, which note, deed of trust and mortgage of chattels shall be in, or substantially in, the same form as those filed in this proceeding.

2. Island Elevators shall file with the Commission a report, or 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 upon the date hereof.

Dated at Los Angeles, California, this 11th day of May, 1954.

John E. Mitchell
President

Justin J. Carmel

Kenneth Potter

Gene Higgins

Commissioners