

Decision No. 51783

ORIGINAL

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of)
)
 WILLIAMS RICE DRIER,)
)
 a corporation, and of Maxwell-Delevan)
 Warehouse Corporation, a corporation,)
 for order authorizing sale and purchase)
 of warehouse and authorizing borrowing)
 of money for said purchase and encum-)
 brance of certain properties as security)
 therefor, and authorizing the making of)
 certain improvements.)
 -----)

Application
No. 37114

O P I N I O N

This is an application for an order authorizing Williams Rice Drier, a corporation, to sell warehouse and related facilities located at Williams to Maxwell-Delevan Warehouse Corporation, and authorizing Maxwell-Delevan Warehouse Corporation to execute a mortgage of chattels and a deed of trust and to issue a promissory note in the principal amount of not exceeding \$170,000.

Applicants are California corporations engaged in public warehousing and related activities in Colusa County. The application shows that Maxwell-Delevan Warehouse Corporation now desires to expand its operations by the acquisition of the facilities of Williams Rice Drier and the construction of additional storage and other properties. It has made arrangements to purchase, at an agreed price of \$151,520, the Williams Rice Drier properties consisting of real property, six concrete storage bins 20 feet in diameter and 60 feet high with two interstice bins, and conveyors, drying units and other items of equipment. In addition it proposes to purchase a parcel of unimproved property adjoining the rice drier

properties from Chester Spooner and Elizabeth Spooner, the holders of all the outstanding capital stock of Williams Rice Drier, for the sum of \$150.

Upon the acquisition of the Williams properties, Maxwell-Delevan Warehouse Corporation proposes to add storage space through the construction of a grain storage building equipped with conveyors, aeration tunnels, cooling fans and wiring, at a cost of \$22,056.39.

The corporation's total expenditures for the acquisition of property and improvements will aggregate \$173,726.39. It reports that it does not have sufficient cash on hand and that it has made arrangements to borrow \$170,000 from Bank of America National Trust and Savings Association to meet in part these requirements, the sum to be thus borrowed to be represented by a promissory note payable in five annual installments of \$34,000 with interest at the rate of 5% per annum, payment to be secured by a deed of trust and a mortgage of chattels.

A review of the financial statements of Maxwell-Delevan Warehouse Corporation shows that its operations have been successful. A summary statement of its gross revenues and net income, after provision for income taxes, during the last three years is as follows:

	<u>1952</u>	<u>1953</u>	<u>1954</u>
Gross revenues -			
Public utility	\$ 29,015	\$ 37,560	\$ 28,889
Other	77,964	80,062	87,989
Total	<u>106,979</u>	<u>117,622</u>	<u>116,878</u>
Net income	\$ 16,052	\$ 17,720	\$ 17,348

In arriving at net income the company charged for depreciation \$16,929 in 1952, \$17,641 in 1953 and \$19,097 in 1954.

The corporation's financial position is indicated in its balance sheet as of December 31, 1954, as follows:

<u>Assets</u>		
Current assets -		
Cash	\$ 14,454.18	
Accounts receivable	34,316.53	
Prepaid expenses	<u>2,956.00</u>	
Total current assets		\$ 51,726.71
Fixed assets, less depreciation		145,972.65
Other assets		<u>1,068.62</u>
	Total	<u>\$198,767.98</u>
<u>Liabilities and Capital</u>		
Current liabilities		\$ 18,361.60
Capital -		
Common stock	\$ 55,000.00	
Surplus	<u>125,406.38</u>	
Total capital		<u>180,406.38</u>
	Total	<u>\$198,767.98</u>

According to Exhibit I filed in this proceeding, the gross revenue of Williams Rice Drier for the fiscal year ended May 31, 1955, amounted to \$36,242 and the net income to \$7,196, after making provision of \$5,878 for depreciation.

From an analysis of the financial statements of Maxwell-Delevan Warehouse Corporation it appears that it has sufficient funds to conduct the operations now performed by Williams Rice Drier and that its earnings should be ample to service the proposed borrowing. It is our opinion, and we so find, that the transfer of the properties of Williams Rice Drier, as here proposed, will not be adverse to the public interest. Accordingly, an order will be entered granting the application.

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

O R D E R

The Commission having considered the above entitled matter and being 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 Maxwell-Delevan Warehouse Corporation 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. Williams Rice Drier, on and after the effective date hereof and on or before October 31, 1955, may convey, and Maxwell-Delevan Warehouse Corporation may acquire, the properties described in Exhibit B filed in this proceeding, in accordance with the terms and conditions therein set forth.

2. Maxwell-Delevan Warehouse Corporation, on and after the effective date hereof and on or before October 31, 1955, may execute a deed of trust and a mortgage of chattels and issue a note in the principal amount of not exceeding \$170,000, for the purposes set forth in this application, said deed of trust, mortgage of chattels and note to be in, or substantially in, the same form as those filed in this proceeding.

3. On not less than five days' notice to the Commission and to the public, applicants shall supplement or reissue the tariffs now on file with the Commission, insofar as they name rates, rules and regulations governing the warehouse operations here involved, to show that Williams Rice Drier has withdrawn or canceled and that Maxwell-Delevan Warehouse Corporation concurrently has adopted or established, as its own, said rates, rules and regulations.

The tariff filings made pursuant to this order in all respects shall comply with the regulations governing the construction and filing of warehouse tariffs set forth in the Commission's General Order No. 61.

4. Maxwell-Delevan Warehouse Corporation 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.

5. The authority herein granted will become effective when Maxwell-Delevan Warehouse Corporation has paid the fee prescribed by Section 1904(b) of the Public Utilities Code, which fee is \$170.

Dated at San Francisco, California, this 9th day of August, 1955.

Robert E. Mitchell
President

Justin J. Calmes
Paul E. Grier

William J. ...
H. ...
Commissioners

PUBLIC UTILITIES COMMISSION
STATE OF CALIFORNIA
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