

Decision No. 53241

ORIGINAL

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application
of DEN DULK WAREHOUSE & FEED
COMPANY, INC., a California cor-
poration, for leave to encumber
warehouse property.

Application
No. 38066

O P I N I O N

Den Dulk Warehouse & Feed Company, Inc., a California corporation, has filed this application for authority to execute a deed of trust and a mortgage of chattels and to issue a note in the principal amount of \$45,000.

The note will be issued to Modesto Bank & Trust Co. It will be payable in monthly installments of \$600, with interest on deferred payments at the rate of 5½% per annum, and will be secured by a mortgage of chattels on applicant's equipment and by a deed of trust covering certain property located in the City of Ripon. Upon consummation of the loan, the proceeds will be used for the following purposes:

To pay balance of existing loan in favor of Modesto Bank & Trust Co., which was approved by Decision No. 49213	\$21,500
To pay for new facilities as follows:	
Addition to building for bulk storage of beans and grain	8,500
Bulk handling equipment for beans and grain	10,000
Feed pelleting machine, cooler, crumbler, and mixer	<u>5,000</u>
Total	<u>\$45,000</u>

The application shows that the company is engaged in mercantile activities in Ripon and incidental thereto in the operation of a small public utility warehouse business. As reported in Exhibit A filed in this proceeding, the revenues during the six months ended October 31, 1955, and the net income were as follows:

Sales	\$179,904
Commissions and brokerage	14,530
Weighing and milling	14,185
Storage	1,067
Total	<u>\$209,686</u>
Net income (after depreciation expenses of \$4,267)	\$ 7,673

The company's financial position, as of October 31, is indicated in the following condensed balance sheet:

Assets

Current assets -		
Cash	\$ 8,152	
Accounts receivable	90,656	
Inventories	35,001	
Miscellaneous	8,568	
Total		\$142,377
Fixed assets (less reserves)		125,443
Organization expense		<u>484</u>
Total		<u>\$268,304</u>

Liabilities and Capital

Current liabilities	\$ 83,570
Loans from employees	6,000
Secured loans (Modesto Bank & Trust Co.)	26,000
Capital and surplus	<u>152,734</u>
Total	<u>\$268,304</u>

It appears that since the date of the balance sheet the indebtedness in favor of Modesto Bank & Trust Co. has been reduced to \$21,500.

Upon a review of this application it appears that applicant does not have sufficient cash on hand to finance the proposed improvements, that the assets should be ample to support the proposed borrowing, and that the earnings should suffice to enable applicant to meet its obligations under the proposed note. It is our opinion that the money, property or labor to be procured or paid for through the issue of the \$45,000 note herein authorized is reasonably required by applicant for the purposes specified herein, that such purposes are not, in whole or in part, reasonably chargeable to operating expenses or to income, and that an order should be entered granting the application.

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,

IT IS HEREBY ORDERED as follows:

1. Den Dulk Warehouse & Feed Company, Inc., may execute a deed of trust and a mortgage of chattels and may issue a note in the principal amount of \$45,000 for the purpose of refinancing outstanding indebtedness and of providing the cost of additional facilities, all as set forth in this application.

2. Den Dulk Warehouse & Feed Company, Inc., 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 when Den Dulk Warehouse & Feed Company, Inc., has paid the minimum fee prescribed by Section 1904(b) of the Public Utilities Code, which fee is \$25.

Dated at San Francisco, California, this 19th day of June, 1956.

[Signature]
President

[Signature]
[Signature]
[Signature]

Commissioners

