

ORIGINAL

Decision No. 57299

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application

of

BERCUT-RICHARDS PACKING CO.,
a California corporation,

for an order authorizing it to borrow money and to execute its Promissory Note to BANK OF AMERICA NATIONAL TRUST AND SAVINGS ASSOCIATION, a National Banking Association, and to secure the same by Deed of Trust and Chattel Mortgage upon property used in part for utility purposes.

Application No. 40359

OPINION AND ORDER

Bercut-Richards Packing Co. has filed this application for authorization to execute a deed of trust and a mortgage of chattels and to issue a note in the principal amount of \$1,500,000.

Applicant is a California corporation engaged in the processing and canning of fruits and vegetables and in the public utility cold storage business at Sacramento. A summary statement of its assets and liabilities and net worth as of June 30, 1958, is as follows:

Assets

Current -		
Current assets	\$5,883,243	
Current liabilities	<u>4,992,032</u>	
Net current assets		\$ 891,211
Net tangible property		2,473,766
Other assets		<u>42,429</u>
Total		<u>\$3,407,406</u>

Liabilities and Net Worth

Long-term debt		\$ 297,959
Capital stock and surplus		<u>3,109,447</u>
Total		<u>\$3,407,406</u>

It appears that applicant's operations primarily are of a nonutility nature and that during the last three years approximately 2 per cent only of its gross income has been derived from the cold storage portion of its business. The financial statements filed in this proceeding indicate that applicant, in the conduct of its mercantile activities, has incurred substantial amounts of current liabilities and has depleted its net working cash. Among other things, it is presently indebted to banks in the amount of \$325,000 which is represented by unsecured loans.

Applicant now desires to refinance these loans and to replenish its working cash. To accomplish these objectives, it has made arrangements to borrow \$1,500,000 from the Bank of America National Trust and Savings Association and in evidence of the borrowing to issue its promissory note payable in consecutive monthly installments of \$12,500 each including interest at the rate of 6 per cent per annum, the note to be secured by a deed of trust and a mortgage of chattels.

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 promissory note herein authorized is reasonably required 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. Bercut-Richards Packing Co., on and after the effective date hereof and on or before October 31, 1958, may issue a promissory note in the principal amount of \$1,500,000 for the purposes set forth in this application, and may issue a deed of trust and a mortgage of chattels, such note, deed of trust and mortgage of chattels to be in, or substantially in, the same form as those filed in this proceeding as Exhibits 2, 3 and 4, respectively.

2. Bercut-Richards Packing Co. 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 Bercut-Richards Packing Co. has paid the fee prescribed by Section 1904(b) of the Public Utilities Code, which fee is \$1,250.

Dated at San Francisco, California, this 10th day of September, 1958.

E. Lyn Fox
President
John E. Mitchell
Ray S. Lutz
Walter D. Dole
Herbert J. Jenner
Commissioners

