

ORIGINAL

Decision No. 61205

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of
PACIFIC INTERNATIONAL RICE MILLS, INC.
to mortgage and otherwise encumber
certain of its property.

Application No. 42890

O P I N I O N

This application was filed on November 23, 1960, for an order authorizing Pacific International Rice Mills, Inc., to issue a \$330,000 note and to execute a deed of trust, a mortgage of chattels, an assignment of rents, and a subordination agreement.

Applicant is engaged in operating a public utility warehouse in Woodland. Under authorization granted by our Decision No. 59238, dated November 10, 1959, it acquired certain warehouse facilities from Sunset Rice Dryer, Inc., and executed a deed of trust and a mortgage of chattels and issued its note in the principal amount of \$375,000 in part payment for said facilities.

The company now is undertaking to improve and to expand the drier and storage facilities at Woodland and has entered into construction contracts totaling \$512,000. It reports that its construction work in progress, at August 31,

1960, amounted to \$393,894 and that it has arranged to finance itself temporarily with construction loans payable in December of this year in an aggregate agreed amount of \$420,000.

At this time, the company proposes to borrow \$330,000 from State Mutual Life Assurance Company of America to provide long-term financing of a portion of its plant expenditures. The borrowing will be represented by a note payable over a period of ten years with interest at the rate of 7% per annum on unpaid balances, payment to be secured by a deed of trust, a mortgage of chattels and an assignment of rents. The lender has required, as an additional condition to the loan, that the lien of Sunset Rice Dryer, Inc., under the security authorized by Decision No. 59238, be subordinated to the proposed lien of \$330,000.

A review of applicant's financial statement for the year ended August 31, 1960, shows that its revenues from storage operations were \$73,637 and from sales activities were \$12,020,791, with net income from all sources of \$210,919, after provision for taxes on income. This statement indicates a favorable cash position and it seems clear that applicant's resources and operations should be ample to service the proposed borrowing without interference with the public utility warehouse service and operations. We find and conclude, therefore, that the proposed financing will not be adverse to the public interest, that the money, property or labor to be procured or paid for by

the issue of the note herein authorized is reasonably required for the purpose specified herein and that such purpose is not, in whole or in part, reasonably chargeable to operating expenses or to income. An order will be entered granting the application.

O R D E R

The Commission having considered the above-entitled application and being of the opinion that a public hearing is not necessary,

IT IS HEREBY ORDERED as follows:

1. Pacific International Rice Mills, Inc., on or after the effective date hereof and on or before March 31, 1961, may issue a promissory note in the principal amount of not to exceed \$330,000 in the form and for the purpose specified in this application and may execute a deed of trust, a mortgage of chattels, an assignment of rents and a subordination agreement in, or substantially in, the same forms as those filed in this proceeding.

2. Pacific International Rice Mills, 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 Pacific International Rice Mills, Inc., has paid the fee prescribed by Section 1904(b) of the Public Utilities Code, which fee is \$330.

Dated at San Francisco, California,
this 20th day of December, 1960.

Herbert W. Page
President
W. L. ...
W. L. ...
S. Fox
Theodore ...
Commissioners

