

62461

ORIGINAL

Decision No. _____

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application

of

N. F. DAVIS DRIER AND ELEVATOR,
a corporation

For an Order Authorizing the
Execution of a Note Payable
More than Twelve Months After
the Date Thereof, and A Deed
of Trust Securing said Note

Application No. 43667

O P I N I O N

In this application filed on August 9, 1961,
N. F. Davis Drier and Elevator, a California corporation,
requests Commission authorization to execute a deed of trust
and to issue a promissory note in the principal amount of
\$173,000.

Applicant is engaged in farming activities and in the
operation of public utility warehouse facilities in Fresno
County. According to the income statement attached to the
application as Exhibit E, applicant's net profit from plant
operations for the twelve months ended March 31, 1961, amounted
to \$84,208.97, its net farm income amounted to \$63,971.63 and
its net income from all sources, after providing for Federal
taxes based on income, amounted to \$75,647.28.

Applicant now advises that it recently purchased 6.09 acres of land immediately adjoining its present warehouse properties at a cost of \$15,180 and that it proposes to utilize this newly acquired real estate, as well as some of that presently owned, as the site on which to construct new grain storage facilities. It estimates the cost of constructing the new building at \$90,000 and the cost of acquiring the warehouse machinery at \$15,000, or a total of \$120,180, including the purchase price paid for the land.

To finance this investment in new facilities, applicant filed an application for a loan in the amount of \$120,500 with The Northwestern Mutual Life Insurance Company. The Northwestern Mutual Life Insurance Company agreed to make the loan on the condition that the balance of one of its loans presently outstanding to it, with an unpaid balance of \$52,500, be consolidated into a new note along with the amount of the present loan, but at no increase in interest rate on the old loan. This will require the execution of a new note in the total amount of \$173,000. The note to be refinanced was for the principal amount of \$75,000 at the time issued and was authorized by this Commission by Decision No. 55644, dated October 8, 1957. The new note in the principal amount of \$173,000 will call for payments of \$11,500 each on January 1st of each year, beginning January 1, 1962, with a final payment of \$12,000 in the 15th year. Interest payable semi-annually will be at the rate of 6 per cent per annum on the declining

balance. A copy of the proposed note is attached to the application as Exhibit A.

Applicant also requests authority to execute a deed of trust in favor of The Northwestern Mutual Life Insurance Company covering all the property as security for the note it proposes to issue. The proposed deed of trust will be a second deed of trust on applicant's property, since The Northwestern Mutual Life Insurance Company presently holds a first deed of trust which was executed with respect to a loan in the original principal amount of \$151,000, which was authorized by this Commission by Decision No. 54019, dated November 5, 1956.

Applicant is of the opinion that its proposed new facilities will bring in additional revenues of approximately \$25,000 per year and that the new structure will be a profitable investment. It also states that the demand for storage in the past has been such as to demonstrate that it will be able to make good use of the new storage facilities.

The company's financial statements filed with the application show that its operations have been profitable, that it has a reasonable current position, and that it has a capital structure consisting of long-term debt of \$236,788 and common stock and earned surplus of \$662,503.

From a review of the application we are of the opinion, and so find and conclude, (1) that applicant's resources and earnings, based on recorded results of operations, should be sufficient to service the proposed note; (2) that the money, property or labor to be procured or paid for through the issue of such note is reasonably required for the purposes specified herein; and (3) that such purposes are not, in whole or in part, reasonably chargeable to operating expenses or to income.

We will enter an order 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 and that the application should be granted,

IT IS ORDERED that -

1. N. F. Davis Drier and Elevator, a corporation, on or after the effective date hereof and on or before December 31, 1961, may execute a deed of trust and may issue a note in the principal amount of not to exceed \$173,000 for the purposes set forth in this application, which deed of trust and note shall be in, or substantially in, the same form as those attached to the application as Exhibit B and Exhibit A, respectively.

2. Within 30 days after the execution of the deed of trust and the issuing of the note herein authorized, N. F. Davis Drier and Elevator shall file with the Commission a copy of each document as actually executed and issued.

3. The authority herein granted will become effective when N. F. Davis Drier and Elevator has paid the fee prescribed by Section 1904(b) of the Public Utilities Code, which fee is \$121.

Dated at San Francisco, California, this 22nd day of AUGUST, 1961.

Edward A. Page
 President

W. S. Mitchell

E. J. Fox

George H. Grover

Fredrick B. Hallock
 Commissioners

