

**ORIGINAL**

Decision No. 69435

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application )  
of VALLEY GRAIN DRIER, INC., a )  
corporation, for an order )  
authorizing it to borrow money )  
and encumber public utility )  
property. )

Application No. 47732  
Filed July 8, 1965

O P I N I O N

Valley Grain Drier, Inc. has filed this application requesting authorization from the Commission to execute a deed of trust and to issue a note in the principal amount of \$300,000.

Applicant is a California corporation engaged in business as a public utility warehouseman in Madera County, pursuant to the prescriptive operative right set forth in Decision No. 65889, dated August 20, 1963, in Application No. 45585. The company's balance sheet dated May 31, 1965, annexed to the application as part of Exhibit B, shows total assets of \$876,612 offset by current and long-term liabilities amounting to \$360,134 and \$207,000, respectively, and by common stock equity totaling \$309,478. The latest profit and loss statement contained in said Exhibit B indicates gross revenues of \$854,877 and net income of \$70,853 for the five months ended May 31, 1965. For the year ended December 31,

1964, applicant reports \$2,104,687 gross revenues and \$85,159 net income. It appears that the bulk of applicant's operations are nonutility in nature.

According to the application, the company's long-term liabilities include a \$156,000 balance outstanding on a previously authorized indebtedness on which the accrued interest amounted to \$4,062.50 as of May 31, 1965. Applicant plans to incur additional indebtedness for the purpose of obtaining funds to meet, in part, the \$168,300 estimated cost of increasing and improving its facilities for handling, storing and drying grains.

In this proceeding, the company requests authority to issue a \$300,000 note in favor of The Northwestern Mutual Life Insurance Company. Said note will be repayable in three annual installments of \$25,000 each, eleven of \$20,000 each and a final installment of \$5,000. Interest on the unpaid principal will be payable semi-annually at the rate of 6-1/4% per annum, which is the same rate as applies to said previously authorized loan. The indebtedness evidenced by the note will be secured by a deed of trust. Applicant proposes to use the proceeds for purposes of (a) discharging the previously authorized loan having an unpaid balance of \$156,000 as of May 31, 1965, (b) paying interest accrued on said loan and (c) financing a portion of said capital improvements.

The Commission has considered this matter and finds that: (1) the proposed note issue is for proper purposes; (2) the money, property or labor to be procured or paid for by the issue of the note herein authorized is reasonably required for the purposes specified herein; (3) such purposes, except as otherwise authorized for accrued interest, are not, in whole or in part, reasonably chargeable to operating expenses or to income; and (4) the proposed execution of a deed of trust would not be adverse to the public interest.

On the basis of the foregoing findings we conclude that the application should be granted. A public hearing is not necessary. The authorization herein given is not to be construed as indicative of amounts to be included in proceedings for the determination of just and reasonable rates.

ORDER

IT IS ORDERED that:

1. Valley Grain Drier, Inc., on or after the effective date hereof and on or before October 31, 1965, may execute a deed of trust and may issue a note in the principal amount of not to exceed \$300,000 for the purposes specified in the application. Said documents shall be in the same form, or in substantially the same form, as those attached to the application.

2. Valley Grain Drier, Inc. shall file with the Commission a report, or reports, as required by General Order No. 24-B, which order, insofar as applicable, is hereby made a part of this order.

3. This order shall become effective when Valley Grain Drier, Inc. has paid the fee prescribed by Section 1904(b) of the Public Utilities Code, which fee is \$144.

Dated at San Francisco, California, this 27<sup>th</sup> day of JULY, 1965.

Frederick B. Hallock  
President  
George G. Hoover  
Augusta

Commissioner Peter E. Mitchell, being necessarily absent, did not participate in the disposition of this proceeding.  
Commissioner William M. Bennett, being necessarily absent, did not participate in the disposition of this proceeding.

