Decision No. __75985__   ORIGINAL

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) Application No. 51240
money and encumber public utility) Filed July 11, 1969
property.)
_____)

O P I N I O N

Valley Grain Drier, Inc. requests an order of the
Commission authorizing it to issue a $110,800 Deed of Trust Note
and a $450,000 Consolidation Agreement, and to execute and deliver
a Declaration Amending Deed of Trust and an Assignment of Life
Insurance Policy as Collateral.

Applicant is a California corporation operating as a
public utility warehouseman at Berenda in Madera County. For the
fiscal year ended August 31, 1968, its reported public utility and
nonutility operating revenues amounted to $5,602 and $2,829,033,
respectively; the corresponding net income was $84,622. The
company's assets and liabilities on August 31, 1968, as summarized
from Exhibit D-1, attached to the application, were as follows:

Assets

Current assets	$	572,674
Fixed assets less accumulated depreciation		869,052
Other assets		28,366
Total		$1,470,092

Liabilities

Current liabilities	$	460,120
Long-term indebtedness		526,450
Stockholder's equity		483,522
Total		$1,470,092

The application shows that the outstanding balance of applicant's previously authorized indebtedness in favor of The Northwestern Mutual Life Insurance Company is $339,200, and that applicant proposes to increase the borrowing to $450,000 by issuing a $110,800 note.

According to a Consolidation Agreement, the present and proposed loans will be regarded as one debt of not exceeding $450,000 repayable in annual installments of $37,500, and interest will be payable semi-annually at the rate of 8-1/2% per annum. Applicant contemplates using a portion of the $450,000 for discharging said $339,200 indebtedness and paying interest accrued from July 1, 1969, and using the balance as working capital.

After consideration the Commission finds that:

1. The proposed Deed of Trust Note and
   Consolidation Agreement are for proper
   purposes.

2. The money, property or labor to be procured
   or paid for by the issue of the evidences of
   indebtedness herein authorized is reasonably
   required for the purposes specified herein,
   which purposes, except as otherwise authorized
   for accrued interest, are not, in whole or in
   part, reasonably chargeable to operating expenses
   or to income.

3. The proposed Declaration Amending Deed of Trust
   and Assignment of Life Insurance Policy as
   Collateral will not be adverse to the public
   interest.

4. A public hearing is not necessary.

On the basis of the foregoing findings we conclude that
the application should be granted. The authorization herein
granted is for the purpose of this proceeding only and is not to
be construed as indicative of amounts to be included in proceedings
for the determination of just and reasonable rates, nor as permit-
ting applicant to have any long-term indebtedness in addition to
that herein authorized.

<u>O R D E R</u>

IT IS ORDERED that:

1.   Valley Grain Drier, Inc., on or after the effective date hereof and on or before October 31, 1969, for the purposes specified in this proceeding, may issue a $110,800 Deed of Trust Note and a $450,000 Consolidation Agreement, and may execute and deliver a Declaration Amending Deed of Trust and an Assignment of Life Insurance Policy as Collateral, which documents shall be in the same form, or in substantially the same form, as Exhibits A to C, inclusive, 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 $111.

Dated at _____ San Francisco _____, California, this _5th_ day of _____ AUGUST _____, 1969.

William Symmes Jr.
President

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Commissioners