

Decision No. 78038

ORIGINAL

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application)
)
 of)
)
 N. F. DAVIS DRIER AND ELEVATOR,)
)
 A California corporation.)
)
 Application for an Order)
 authorizing the execution of)
 promissory notes payable more)
 than twelve months after the)
 date thereof and the execution)
 of a Deed of Trust.)
)

Application No. 52302
Filed November 17, 1970

O P I N I O N

N. F. Davis Drier and Elevator seeks an order of the Commission authorizing it to execute a Deed of Trust, and to issue two promissory notes in the aggregate principal amount of \$375,000.

Applicant is a California corporation engaged in public utility warehouseman and related activities in Fresno County, and also conducts farming operations. The corporation's annual report to this Commission for the fiscal year ended March 31, 1970 shows total revenues of \$1,536,401 including \$66,408 derived from public utility warehouseman operations, and net income of \$109,827 from all its operations.

The company proposes to purchase approximately 430.32 acres of nonutility farm land in Fresno County for a total purchase price of \$400,000, of which \$25,000 would be paid in cash and the balance of \$375,000 would be represented by two promissory notes. One of the notes, in the principal amount of \$225,000, would be in favor of Metropolitan Life Insurance Company, would be secured by a Deed of Trust encumbering said farm land, and would be repayable in annual installments of \$6,000 plus interest at the rate of 9-1/4% per annum on the unpaid balance thereof, with a final principal installment of \$111,000 plus interest to be paid on January 1, 1991. The second note, in the principal amount of \$150,000, would be in favor of Bank of America National Trust and Savings Association, would be unsecured, and would be repayable in three annual installments of \$50,000 plus interest at the rate of 8-3/4% per annum on the unpaid balance thereof.

After consideration the Commission finds that:

1. The proposed notes are for a proper purpose.
2. The proposed indebtedness would have no adverse effect on the ability of applicant to perform its public utility functions.
3. The money, property or labor to be procured or paid for by the issue of the notes herein authorized is reasonably required for the purpose specified herein, which purpose is not, in whole or in part, reasonably chargeable to operating expenses or to income.

4. The proposed Deed of Trust would not encumber property necessary or useful in the performance of applicant's duties to the public as contemplated by Section 851 of the Public Utilities Code.

On the basis of the foregoing findings we conclude that the application should be (a) dismissed for lack of jurisdiction insofar as it seeks authority for the execution of a Deed of Trust, and (b) granted in all other respects. A public hearing is not necessary. 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.

O R D E R

IT IS ORDERED that:

1. N. F. Davis Drier and Elevator, on or after the effective date hereof and on or before March 31, 1971, for the purpose specified in this proceeding, may issue promissory notes in the principal amounts of not exceeding \$225,000 and \$150,000, which notes shall be in the same form, or in substantially the same form, as those attached to the application as Exhibits D and E, respectively.

2. N. F. Davis Drier and Elevator shall file with the Commission a report, or reports, as required by General Order No. 24-3, which order, insofar as applicable, is hereby made a part of this order.

3. The application, insofar as it seeks authority to execute a Deed of Trust, is hereby dismissed.

4. This order shall 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 \$750.

Dated at San Francisco, California,
this 9th day of DECEMBER, 1970.

Chairman

Morgan

William Lyons Jr.

J. P. Vukasin Jr.

Samuel L. Sturgeon

Commissioners

Commissioner J. P. Vukasin, Jr., being necessarily absent, did not participate in the disposition of this proceeding.

