

Decision No. 21884

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of)
PURITAN ICE COMPANY,)
for an order authorizing the issue)
of its unissued first mortgage bonds.)

ORIGINAL

Application No. 15984

Lawrence L. Larrabee, for applicant.

BY THE COMMISSION:

FIRST SUPPLEMENTAL OPINION AND ORDER

In the supplemental petition filed in the above entitled matter on December 4, 1929, Puritan Ice Company asks permission to use the proceeds from the sale of \$50,000.00 of the bonds authorized to be issued and sold by Decision No. 21724, dated October 28, 1929, to finance in part the cost of machinery, equipment and structures for its new ice manufacturing plant at Lompoc.

Puritan Ice Company is engaged in the business of manufacturing and selling ice in the territory west of the San Joaquin Valley lying between San Luis Obispo and Saugus and in maintaining a cold storage warehouse at Atascadero where it receives goods from the public for storage. On October 1, 1929, it filed an application with the Commission for permission to issue and sell at not less than par, \$200,000.00 of its first closed fee and leasehold sinking fund seven percent gold bonds due January 1, 1938, for the purpose of paying outstanding indebtedness and of enlarging its ice manufacturing plant at Guadalupe, and of constructing a new ice plant at Lompoc of approximately fifty tons daily capacity. The company did not, however, submit detailed estimates of the cost of its construction work at

Lompoc and Guadalupe, and the order of the Commission, Decision No. 21724, dated October 28, 1929, while permitting the issue and sale of the \$200,000.00 of bonds, authorized the use of only \$120,000.00 of such bonds, or the proceeds thereof, to pay indebtedness, and to finance a portion of the construction costs at Guadalupe. The order provided that the proceeds from the remaining \$80,000.00 of bonds should be expended only for such purposes as the Commission might subsequently authorize.

In making the present supplemental petition, the company reports that it is about to commence the construction of the ice manufacturing plant including the customary day storage facilities and packing houses upon its land located at Lompoc. It appears that it has entered into a contract with Gay Engineering Corporation of Los Angeles for the purchase and installation of the greater part of the ice manufacturing machinery needed in the new plant. A copy of this contract is filed as Exhibit "J". In addition to the machinery to be purchased under the contract with Gay Engineering Corporation, applicant intends to purchase other machinery and miscellaneous equipment. A general estimate of the total cost of the improvements immediately to be installed at Lompoc is as follows:-

1.	Mechanical equipment, storage, tank, engine room building, installation and erection, as more particularly itemized in the contract with Gay Engineering Corporation.....	\$48,193.00
2.	Water treatment system filter, foundations, tanks, etc.....	3,000.00
3.	160 H.P. gas engine, generators, wiring, foundations, etc.....	10,000.00
4.	Water wheel, pump and motors.....	3,800.00
5.	Two packing houses for rental to shipper customers with spur track connections and roadways.....	<u>10,000.00</u>
	Total.....	<u>\$74,993.00</u>

The company reports that the Santa Maria Gas Company has agreed to purchase the \$50,000.00 of bonds. The remainder of the amount necessary for the program outlined at Lompoc will be paid out of applicant's current earnings. The company has therefore requested a supplemental order permitting it to use the proceeds from \$50,000.00 of the bonds heretofore authorized for the purposes set forth herein. The Commission is of the opinion that this supplemental petition is not a matter in which a further hearing is necessary and that the expenditures herein authorized are not in whole or in part reasonably chargeable to operating expense or to income, therefore,

IT IS HEREBY ORDERED that the order in Decision No. 21724, dated October 28, 1929, be, and it hereby is, modified so as to permit Puritan Ice Company to use the proceeds from the sale of \$50,000. of bonds authorized to be issued and sold by said decision to finance in part the costs of the machinery, equipment and structures at Lompoc referred to herein.

IT IS HEREBY FURTHER ORDERED that the order in Decision No. 21724, dated October 28, 1929, shall remain in full force and effect, except as modified by this First Supplemental Order.

DATED at San Francisco, California, this 7th day of December, 1929.

Thos D. Lott

Chas. H. Keane

Tom O'Connell

Commissioners.