

Decision No. 37002

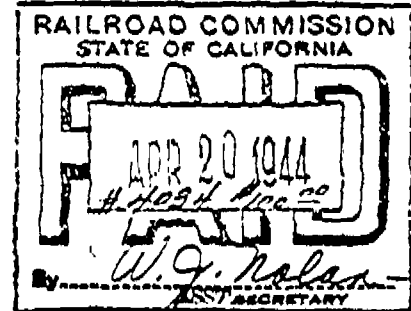
BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

ORIGINAL

IN THE MATTER OF THE APPLICATION
OF

SECURITY WAREHOUSE & COLD STORAGE
COMPANY FOR ORDER AUTHORIZING ISSUE
OF NOTE IN THE AMOUNT OF \$100,000
FOR THE PURPOSE OF FINANCING THE
CONSTRUCTION OF ADDITIONAL COLD
STORAGE, FREEZING, AND PACKING HOUSE
FACILITIES TO COST APPROXIMATELY
\$165,000.00.

Application No. 26059



Reginald L. Vaughn, for Applicant

BY THE COMMISSION:

O P I N I O N

Security Warehouse & Cold Storage Company asks per-
mission to issue a note for \$100,000 and use the proceeds to
pay, in part, the cost of constructing additional cold storage,
freezing, and packing house facilities on its properties at
Santa Clara, California.

Applicant's property consists of a combination cold
storage and ice manufacturing plant located at 350 North First
Street, San Jose, California; a combination cold storage and

ice plant, together with freezing facilities and packing houses, located at Campbell Avenue, Santa Clara, California, and a dry warehouse building and packing house located at 390 North Second Street, San Jose, California. The dry warehouse building is leased to Security Storage & Moving Company, a subsidiary of applicant.

Applicant is engaged in the operation of cold storage warehouses, ice manufacturing, leasing of warehouse and packing house facilities, and in field warehousing.

As of December 31, 1943, it reports assets and liabilities as follows:

<u>ASSETS</u>		
Tangible Fixed Assets		\$1,670,753.39
Land, bldgs., equipment	\$1,280,797.67	
Fixed capital under construction	2,189.40	
Other property and equipment	<u>387,766.32</u>	
Investments		148,783.56
Stocks in affiliated companies	18,666.67	
Miscellaneous	<u>130,116.89</u>	
Current Assets		225,612.51
Cash	84,626.40	
Special deposits	303.10	
Notes receivable	2,548.35	
Accounts receivable	<u>138,134.66</u>	
Deferred Charges		24,921.91
Materials and supplies	13,145.19	
Office supplies	2,482.14	
Prepaid insurance	<u>9,294.58</u>	
Other Deferred Debits		5,301.00
Provision for back pay	5,000.00	
Accrued interest on Government Bonds	<u>301.00</u>	
Total Assets		<u>\$2,075,372.37</u>

LIABILITIES

Capital Liabilities		
Common Stock		\$ 700,000.00
Current and Accrued Liabilities		85,500.45
Accounts payable	\$ 11,267.98	
Accrued liabilities	<u>74,232.47</u>	
Other Deferred Credits		19,439.95
Reserve for Accrued Depreciation		884,340.48
Accrued depreciation on cold storage property and equipment	673,918.60	
Accrued depreciation on other property and equipment	<u>210,421.88</u>	
Other Reserves		52,339.09
Capital Surplus		13,795.00
Earned Surplus		319,957.40
		<hr/>
	Total Liabilities	<u>\$2,075,372.37</u>

Applicant estimates the cost of the freezer building at \$107,285. This is a three-story building, 70 feet by 83 feet by 30 feet high. Included as part of this structure is a loading platform, 70 feet long and 25 feet wide. Under the platform will be a storage space 11 feet 2 inches high. The building will become a part of applicant's present cold storage facilities at Santa Clara. Applicant proposes to construct at an estimated cost of \$25,000 a freezer tunnel in the lower floor of the new three-story freezer building. Applicant's third project is the construction of a processing building at an estimated cost of \$30,075. This building will be situated on vacant land between two packing houses owned by applicant. It will be used by the Bozeman Canning Company for the purpose of processing frosted foods which are packed and stored in applicant's Santa Clara cold storage plant. The building, together with other property

owned by applicant but used by the Canning Company, will be sold to the Canning Company. Applicant's fourth project is the construction of an extension to the packing house used by Day and Young. The cost of this extension is estimated at \$3,520.

The aggregate, estimated cost of applicant's new construction is \$165,380. To pay in part for this construction, applicant has made arrangements to borrow \$100,000 from the San Jose Branch of the American Trust Company. To represent this loan, applicant asks permission to issue to the American Trust Company its unsecured, promissory note for \$100,000. The note will bear interest at the rate of 3% per annum, compounded quarterly. One-fourth of the note is due and payable on or before May 1, 1946; one-fourth is due and payable on or before May 1, 1947; one-fourth is due and payable on or before May 1, 1948, and one-fourth is due and payable on or before May 1, 1949. Applicant has the right to pay all or any part of the note at any time or times before the due dates. A copy of the proposed note is on file in this application as Exhibit 1.

Q R D E R

A public hearing having been held on this application by Examiner Fankhauser, the Commission having considered the evidence submitted at such hearing, and it being of the opinion that the money, property or labor to be procured or paid for by the issue of said \$100,000 note is reasonably required by

Security Warehouse & Cold Storage Company for the purposes herein stated; that the expenditures for said purposes are not, in whole or in part, reasonably chargeable to operating expenses or to income and that this application should be granted, therefore,

IT IS HEREBY ORDERED that Security Warehouse & Cold Storage Company be, and it is hereby, authorized to issue, after the effective date hereof and on or before December 31, 1944, at not less than the face value thereof its unsecured, promissory note for the sum of not exceeding \$100,000, said note to be in substantially the same form as the note on file in this application as Exhibit 1. Security Warehouse & Cold Storage Company shall use the proceeds from said note to pay, in part, the cost of the additional storage, freezing and packing house facilities to which reference is made in the foregoing Opinion.

IT IS HEREBY FURTHER ORDERED that the authority herein granted will become effective when Security Warehouse & Cold Storage Company has paid the fee required by Section 57 of the Public Utilities Act, which fee is One Hundred (\$100.00) Dollars.

IT IS HEREBY FURTHER ORDERED that Security Warehouse & Cold Storage Company shall, within thirty days after the issue of said note, file a true and correct copy of said note. It shall also, within sixty days after the completion of each of said projects the cost of which is financed, in whole or in part, through the use of said note proceeds, file a statement showing in some detail the cost of each such project.

Dated at San Francisco, California, this 18th day
of April, 1944.

Richard L. Haskin

Francis D. Hareness

August Lawrence

Franklin O. Orr
Commissioners.