

Decision No. 38829

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application
of

YUBA CITY REFRIGERATING COMPANY

for an order authorizing the sale and
issuance of its shares of stock and
for an order authorizing it to borrow
money from and execute its Promissory
Note to The Capital National Bank of
Sacramento, a National Banking Associa-
tion, and to secure the same by a Deed
of Trust and Chattel Mortgage upon
utility property.

ORIGINAL

Application
No. 27343

DOWNEY, BRAND & SEYMOUR, by HARRY B. SEYMOUR,
for applicant.

O P I N I O N

In this application, Yuba City Refrigerating Company asks permission to issue, for the purposes hereafter stated, \$150,000 par value of stock and a \$150,000 four percent installment note and execute a deed of trust and mortgage of chattels to secure the payment of the note.

Yuba City Refrigerating Company is a corporation organized and existing under and by virtue of the laws of the State of California. Applicant has been formed for the primary purpose of engaging in the cold storage business, in the processing and freezing of fresh fruits, vegetables and other food stuffs and in the manufacture and sale of ice. Its articles of incorporation

provide for the issue of only "one class of shares of stock of the total number of thirty thousand (30,000) shares, of the aggregate par value of three hundred thousand (\$300,000.00) dollars and of the par value of ten (\$10.00) dollars per share".

Applicant's warehouse properties will be situated in Yuba City. It is acquiring the land it needs from the Sacramento Northern Railway at a cost of six cents per square foot. It will immediately undertake the construction of a cold storage warehouse building and a compressor building and acquire and install the necessary equipment. The warehouse building will be about 182' x 86.6' and have a capacity of about 300,000 cubic feet. The compressor building will be about 52' x 46'. Both buildings will be of concrete construction. The warehouse building will be insulated to secure zero temperature in the storage rooms. Applicant estimates the cost of the land, buildings and equipment at \$270,000. Further, applicant estimates its initial working capital needs at \$30,000.

Applicant was formed by parties interested in growing, processing and preserving fresh fruits, particularly peaches and pears. The testimony shows that California Canning Peach Growers Association lost a substantial sum of money last year because of the lack of adequate precooling and cold storage facilities at Yuba City. The record shows that applicant's proposed facilities are needed to provide storage space for fresh fruits grown in the Yuba City area during periods when canners are unable to absorb peak loads.

Applicant intends to issue and sell 15,000 shares of stock for cash at par without the payment of commissions to the following parties:

<u>Name</u>	<u>Shares</u>	<u>Amount</u>
Barron-Gray Company, San Jose	3,500	\$ 35,000.00
Pratt-Low Company, Santa Clara	1,500	15,000.00
R. H. Hodges, Yuba City	1,000	10,000.00
J. E. Morrison, Yuba City	1,000	10,000.00
Hugh Del Pero, Yuba City	500	5,000.00
Gus Mundon, Marysville	500	5,000.00
A. D. Atterbury, Yuba City	500	5,000.00
Cameron McKillop, Sacramento	500	5,000.00
R. E. Anderson, Yuba City	1,000	10,000.00
W. M. Randolph, Marysville	1,000	10,000.00
Don Jefferis, Marysville	50	500.00
Frank Bremer, Yuba City	500	5,000.00
E. E. Huddleson, Oakland	1,000	10,000.00
T. D. Urbahns, Yuba City	500	5,000.00
P. O. Daniels, Yuba City	250	2,500.00
Robert W. Morris, Yuba City	250	2,500.00
Fred Hurlbert, Yuba City	500	5,000.00
Various Purchasers (2 or 3 in number)	950	9,500.00
	<u>15,000</u>	<u>\$150,000.00</u>

Applicant asks permission to issue to The Capital National Bank of Sacramento its promissory note for \$150,000, payable in consecutive annual installments of not less than \$15,000 each, commencing November 1, 1946, together with interest on deferred installments at the rate of four percent per annum payable monthly. Applicant further asks permission to execute a deed of trust and a mortgage of chattels to secure the payment of the note. Copies of the note, deed of trust and mortgage of chattels are on file in this application as Exhibits "G", "H" and "I", respectively. The deed of trust and mortgage of chattels will be liens on applicant's warehouse properties.

Applicant will in due time file its rates and regulations with the Commission. It shall keep its accounts in accordance with the uniform system of accounts for Cold Storage Warehousemen prescribed by Decision No. 25426, dated December 10, 1932, as amended by Decision No. 25492, dated December 27, 1932.

No one appeared at the hearing to protest the granting of this application.

O R D E R

A public hearing having been held on this application by Examiner Fankhauser, and 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 through the issue of the stock and note herein authorized is reasonably required by applicant for the purposes herein stated, that such purposes are not, in whole or in part, reasonably chargeable to operating expenses or to income, and that this application should be granted, as herein provided, therefore,

IT IS HEREBY ORDERED as follows:

1. Yuba City Refrigerating Company may, after the effective date hereof and on or before September 30, 1946, issue and sell at not less than par for cash 15,000 shares of its stock and issue to The Capital National Bank of Sacramento its promissory note for the principal sum of not exceeding \$150,000, said note to be in substantially the same form as the note on file in this application as Exhibit "G".
2. For the purpose of securing the payment of said note, Yuba City Refrigerating Company may, after the effective date hereof and on or before September 30, 1946, execute a deed of trust and a mortgage of chattels in form substantially the same as the deed of trust and mortgage of chattels on file in this application as Exhibits "H" and "I", respectively.
3. Yuba City Refrigerating Company shall use the proceeds realized through the issue of said stock and said note to pay the cost of acquiring, constructing and operating its cold storage warehouse properties and other facilities mentioned in this application.

4. The authority herein granted will become effective when Yuba City Refrigerating Company has paid the fee prescribed by Section 57 of the Public Utilities Act, which fee is One Hundred Fifty (\$150.00) Dollars.

5. Within thirty (30) days after the issue of the note herein authorized, Yuba City Refrigerating Company shall file with the Railroad Commission a copy of the note, a copy of the deed of trust and a copy of the mortgage of chattels executed under the authority herein granted. It shall also file with the Commission reports required by the Commission's General Order No. 24-A, which order, insofar as applicable, is made a part of this order.

Dated at San Francisco, California, this 9th day of April, 1946.

David Anderson
Justin F. Caswell
Frank Brown
Grant L. Luce
Harold K. Kula
 Commissioners

