

Decision No. 40495

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application  
of

YUBA CITY REFRIGERATING COMPANY

for an order authorizing it to  
borrow money and execute its  
promissory note to The Capital  
National Bank of Sacramento, a  
National Banking Association,  
and to secure the same by a Deed  
of Trust and Chattel Mortgage  
upon utility property.

**ORIGINAL**

Application  
No. 28556

O P I N I O N

This is an application by Yuba City Refrigerating Company for authorization to issue a note in the principal amount of \$230,000 and to execute a deed of trust and a mortgage of chattels for the purpose of financing the cost of additional facilities and of paying indebtedness.

Yuba City Refrigerating Company is a corporation engaged in the cold storage warehouse business in Yuba City. By Decision No. 38829, dated April 9, 1946, and by Decision No. 39979, dated February 15, 1947, it was authorized to issue and sell, at par for cash, \$300,000 of common stock and to issue a 4% note for \$150,000 for the purpose of financing the cost of a cold storage warehouse building and a compressor building with the equipment necessary in the cold storage, processing and freezing of fruits, vegetables and other food stuffs, and of

providing initial working capital. Under such authority it has issued \$217,200 of stock and the note, which, however, has since been reduced to \$135,000.

As of May 31, 1947, the company reports its assets and liabilities as follows:

Assets

Current assets:		
Cash	\$ 10,238.15	
Accounts receivable	29,666.54	
Materials and supplies	<u>1,640.97</u>	\$ 41,545.66
Fixed assets		387,208.97
Deferred assets		<u>7,721.45</u>
	Total	<u>\$436,476.08</u>

Liabilities

Current liabilities:		
Notes payable	\$ 40,000.00	
Accounts payable	15,226.14	
Accrued liabilities	<u>1,095.54</u>	\$ 56,321.68
Long term debt		135,000.00
Reserve for depreciation		12,753.89
Other reserves		458.30
Capital:		
Capital stock	217,200.00	
Earned surplus	<u>14,742.21</u>	<u>231,942.21</u>
	Total	<u>\$436,476.08</u>

Applicant now reports that the amount of business it has secured to date and the amount believed to be available in the future have led it to conclude that an addition to its plant is justified and desirable. Accordingly it has made arrangements looking toward the erection, at a cost of \$165,637, of four additional cold storage rooms, together with the necessary coils, heaters, and ammonia lines. It appears that bids have been received for the improvements at the figure indicated. A copy of the plans and specifications for the additional rooms is filed in this application as Exhibit "B".

The application shows that the company proposes to meet the construction costs, and to refinance its outstanding indebtedness, through the sale of the unissued stock of \$82,800 heretofore authorized to be issued, and through the borrowing of additional sums from The Capital National Bank of Sacramento. Its program, in this connection, is summarized as follows:

Receipts:	
From sale of stock at par	\$ 82,800
From issue of note	<u>230,000</u>
Total	<u>\$312,800</u>
Disbursements:	
To pay outstanding bank loan	\$135,000
To finance cost of improvements	155,637
To reduce open bank indebtedness	<u>12,163</u>
Total	<u>\$312,800</u>

The new note will bear interest at the rate of 4 percent per annum and will be repayable in consecutive annual installments of \$20,000 each, commencing November 1, 1947, with final payment, however, being due on November 1, 1957. Payment will be secured by a deed of trust covering real property in Yuba City and by a mortgage of chattels. Copies of the proposed instruments have been filed in this proceeding. They appear to be in satisfactory form and an order approving the application will be made.

O R D E R

Yuba City Refrigerating Company having applied to the Public Utilities Commission for authorization to issue a note and to execute a deed of trust and a mortgage of chattels, and the Commission having considered the matter and being of the opinion

that a public hearing is not necessary, that the money, property or labor to be procured or paid for through the issue of said note is reasonably required for the purposes specified herein, which 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, after the effective date hereof and on or before December 31, 1947, may issue a note in the principal amount of \$230,000, said note to be in, or substantially in, the same form as the note filed in this proceeding as Exhibit "D", and use the proceeds to pay the outstanding bank loan of \$ 135,000 and to finance in part the cost of the improvements referred to in the preceding opinion.

2. Yuba City Refrigerating Company, after the effective date hereof and on or before December 31, 1947, may execute a deed of trust and a mortgage of chattels in, or substantially in, the same form as the deed of trust and the mortgage of chattels filed in this proceeding as Exhibit "E" and Exhibit "F", respectively.

3. Yuba City Refrigerating Company shall file with the Commission a report, or reports, of the issue of the note herein authorized and of the disposition of the proceeds as required by General Order No. 24-A, which order, insofar as applicable, is made a part of this order.

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 Ninety-five (\$95.00) Dollars.

Dated at San Francisco, California, this 8<sup>th</sup> day of July, 1947.

Harold P. Kule  
Justin J. Calver  
Jack Kameel  
~~[Signature]~~  
Kenneth Potter  
Commissioners

