

ORIGINAL

Decision No. 42718

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of)	
ICE SICKLE FROZEN FOODS, INC.	:	
a corporation, for a permit to)	Application
execute notes secured by deed of	:	No. 30205
trust and chattel mortgage.)	
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O P I N I O N

In this application, Ice Sickle Frozen Foods, Inc. has applied to the Public Utilities Commission for an order authorizing it to issue two notes, one for \$10,000 and one for \$2,500, and to execute a deed of trust and a mortgage of chattels to secure the payment of said notes.

Information before the Commission shows that Ice Sickle Frozen Foods, Inc. is a corporation organized under the laws of the State of California on or about March 26, 1946, and that it is engaged in business in Fresno as a quick freezer of fruits, vegetables and poultry, and, in addition, as a public utility cold storage warehouseman. It has warehouse tariffs on file with the Commission. Applicant's annual financial reports show, for 1947, operating revenues of \$19,598.13, with net income of \$5,140.01; and for 1948, operating revenues of \$34,875.79, with a net loss of \$336.02. Applicant reports that the revenues from the 1948 freezing season were not as high as anticipated because of the fact that there was a heavy carry-over of frozen foods from 1947. It alleges that at present the carry-over of frozen foods is down to the normal level and it expects that the

1949 season will be a more profitable one.

Applicant's assets and liabilities as of December 31, 1948, are reported as follows:

<u>Assets</u>		
Current assets		
Cash		\$ 448.65
Permanent assets		
Land	\$ 18,892.45	
Buildings, structures, equipment	<u>166,286.58</u>	
	185,179.03	
Reserve for depreciation	<u>14,188.68</u>	
Total permanent assets		170,990.35
Organization expense		546.10
Deferred charges		<u>1,402.11</u>
Total		<u>\$173,387.21</u>

<u>Liabilities</u>		
Current liabilities		
Notes and accounts payable		\$ 31,943.02
Long-term obligations		62,572.40
Liabilities due stockholders		11,500.00
Deferred credits		450.00
Capital stock		63,200.00
Surplus		<u>3,721.79</u>
Total		<u>\$173,387.21</u>

By Decision No. 41197, dated February 3, 1948, the Commission authorized applicant to issue notes in the aggregate amount of \$32,500 for the purpose of paying the cost of installing new refrigeration coils and a new compressor and motor, of insulating the remaining portion of its warehouse, and of building upon foundations already installed, a food processing building and a loading dock.

Applicant now reports in this application that its original cost estimates were too low and that it was compelled to borrow from Mr. Lee Fosdick the sum of \$10,000 to complete the

construction. The sum thus borrowed was represented by four unsecured promissory notes payable in ninety days from the date of issue with interest at the rate of 5% per annum. Said notes are now outstanding.

The application sets forth that Mr. Fosdick now feels that he should not let the loan remain outstanding any longer as an unsecured loan, that applicant is unable to liquidate the same, and that accordingly it has made arrangements to issue to Mr. Fosdick a new note for \$10,000, payable in installments of \$3,000 or more on August 1, 1951, \$3,500 or more on August 1, 1952, and the balance on August 1, 1953, with interest on the unpaid principal at the rate of 5% per annum. The payment of the note, along with a note for \$2,500, hereinafter referred to, will be secured by a deed of trust and mortgage of chattels on applicant's properties, which will, of course, be inferior to those heretofore executed.

Applicant also proposes to issue to Mr. Fosdick a note for \$2,500 in payment of a liability arising out of an arbitration award in favor of the Fresno Berry Growers' Association for claimed damages to goods stored in applicant's properties. The amount originally claimed for damages was the sum of \$10,920.16, and the award finally given was \$3,000. The association, however, assigned its claim to Mr. Fosdick, who agreed to reduce the amount to \$2,500 provided applicant issue to him a note in that amount upon the terms set forth herein. The note will be payable in the amount of \$1,000 or more on August 1, 1949, \$1,000 or more on August 1, 1950, and the balance on August 1, 1951, with interest at the rate of 5% per annum. It will be secured by the same

deed of trust and mortgage of chattels securing the payment of the \$10,000 note.

A review of the application clearly indicates that applicant has need for additional funds to pay or refund its outstanding indebtedness.

O R D E R

The Public Utilities Commission, having considered the above entitled application, and being of the opinion that a public hearing thereon is not necessary, that the application should be granted as hercin provided, that the money, property or labor to be procured or paid for through the issue of notes is reasonably required by Ice Sickle Frozen Foods, Inc. for the purposes specified herein, and that said purposes, except as otherwise permitted in the order, are not, in whole or in part, reasonably chargeable to operating expenses or to income; therefore,

IT IS HEREBY ORDERED as follows:

1. Ice Sickle Frozen Foods, Inc., after the effective date hereof and on or before June 30, 1949, may issue a promissory note in the principal amount of \$10,000, and a promissory note in the principal amount of \$2,500, under the terms outlined in this application, for the purpose of paying or refunding outstanding indebtedness to which reference is made in the opinion preceding this order.

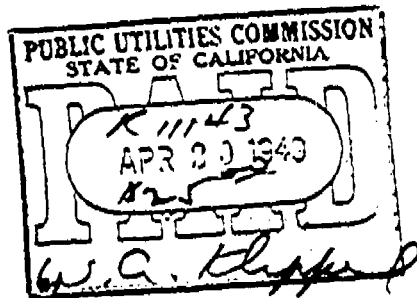
2. Ice Sickle Frozen Foods, Inc., after the effective date hereof and on or before June 30, 1949, may execute a deed of

trust and mortgage of chattels in, or substantially in, the same form as the deed of trust and mortgage of chattels filed in this application as Exhibit "G" and Exhibit "H", respectively, for the purpose of securing the payment of said notes.

3. Within thirty (30) days after the issue of the notes herein authorized, Ice Sickle Frozen Foods, Inc. shall file a copy of each note with the Commission, together with a statement showing the purposes for which the notes were issued.

4. The authority herein granted will become effective when Ice Sickle Frozen Foods, Inc. has paid the minimum fee prescribed by Section 57 of the Public Utilities Act, which fee is twenty-five (\$25.00) dollars.

Dated at San Francisco, California, this 19th day of April, 1949.



R. Z. [Signature]
John F. [Signature]
[Signature]
[Signature]
Commissioners