

ORIGINAL

Decision No. 43658

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application)	
of	:	
MODERN ICE & COLD STORAGE CO.,)	
a corporation, for authority to	:	Application
issue an evidence of indebtedness)	No. 30839
and to encumber its public utility	:	
properties.)	
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O P I N I O N

This is an application for an order of the Commission authorizing Modern Ice & Cold Storage Co. to execute a deed of trust and a mortgage of chattels and to issue a promissory note in the principal amount of \$250,000 for the purpose of paying outstanding indebtedness and of financing the cost of new facilities.

Applicant is a California corporation engaged in the cold storage warehouse business in the City of San Jose. It has reported its operating revenues at \$351,296 in 1947, and at \$345,076 in 1948. After paying operating expenses, interest and other income charges, it reported net income of \$152,899 in 1947 and \$128,428 in 1948. The present application shows its net income for the first ten months of 1949 at \$158,649.

In Exhibit D attached to the present application, applicant reports its assets and liabilities as of October 31, 1949, as follows:

Assets

Cold storage warehouse property and equipment	\$642,033.42
Fixed capital under construction	9,887.50
Other property and equipment	10,499.55
Cash	127,601.74
Accounts receivable	46,174.02
Materials and supplies	586.62
Prepayments	8,806.04
Total	<u>\$845,588.89</u>

Liabilities

Capital stock	\$300,000.00
Long-term debt	100,000.00
Accounts payable	5,266.68
Accrued liabilities	19,755.54
Reserve for accrued depreciation	197,717.69
Other reserves	200.00
Surplus	222,648.98
Total	<u>\$845,588.89</u>

The long-term debt of \$100,000 shown in the preceding balance sheet, originally in the principal amount of \$300,000, was issued under authority granted by the Commission by Decision No. 38025, dated June 26, 1945. It is secured by a deed of trust and a mortgage of chattels covering applicant's properties.

Applicant's latest annual report filed with the Commission shows that at the end of 1948 it operated three plants with an aggregate capacity of 1,292,560 cubic feet. It reports in this proceeding that it has been unable to take care of all the cooler storage requested during the past several seasons, with the result that canneries and food processing packing plants in the vicinity of San Jose have been forced to haul their produce many miles during the packing season. Applicant further reports that at the present time it does not have any freezer storage space. It now proposes to construct a new unit to provide 114,000 cubic feet of freezer storage space and 280,000 cubic feet of cooler storage space. The cost of the new facilities is estimated at \$208,000 segregated as

follows:

(a)	Cost of proposed new building, approximately	\$140,000.00
(b)	Cost of proposed new additions to engine room	18,000.00
(c)	Cost of proposed new refrigeration equipment	<u>50,000.00</u>
		<u>\$208,000.00</u>

Applicant proposes to borrow the sum of \$250,000 from the American Trust Company at San Jose to enable it to finance, in part, its proposed construction and to provide \$50,000 to pay, in part, the presently outstanding indebtedness. The remaining \$50,000 of said indebtedness will be paid with funds on hand. It is proposed to start construction work on or about January 1, 1950.

The \$250,000 loan will be evidenced by a note bearing interest at the rate of 4% per annum, payable quarterly. The principal of the note is payable in installments as follows: \$40,000 on January 15, 1951; \$40,000 on January 15th of each succeeding year thereafter to and including January 15, 1954, and the balance of \$90,000 on January 15, 1955. The payment of the note will be secured by a deed of trust (Exhibit B) and mortgage of chattels (Exhibit C), which will be liens on applicant's properties.

O R D E R

The Commission having considered this application and being of the opinion that a public hearing thereon is not necessary, that the money, property or labor to be procured or paid for through the issue of a note for \$250,000 is reasonably required by Modern Ice & Cold Storage Co. for the purposes specified herein, and that such purposes are not, in whole or in part, reasonably chargeable to operating expenses or to income; therefore,

IT IS HEREBY ORDERED as follows:

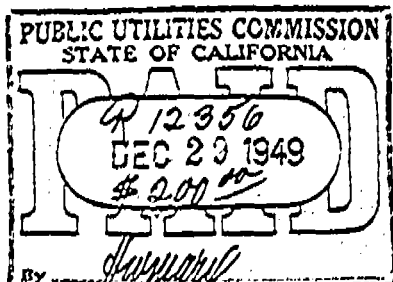
1. Modern Ice & Cold Storage Co., after the effective date hereof and on or before June 30, 1950, may issue a note in the principal amount of not exceeding \$250,000 and execute a deed of trust and a mortgage of chattels, which note, deed of trust and mortgage of chattels shall be in, or substantially in, the same form as those filed in this proceeding as Exhibit A, Exhibit B and Exhibit C, respectively.

2. Applicant shall use the proceeds to be received through the issue of said note to pay in part the presently outstanding long-term debt and to finance, in part, the improvements referred to in the preceding opinion.

3. Applicant shall file with the Commission a report, or reports, 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 applicant has paid the fee prescribed by Section 57 of the Public Utilities Act, which fee is two hundred (\$200.00) dollars.

Dated at San Francisco, California, this 27th day of December, 1949.



R. Z. Donnan
Justice J. Galligan
Justice F. S. Hall
Commissioners