

Decision No. 44274

ORIGINAL

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application)
of)
SECURITY WAREHOUSE & COLD STORAGE)
COMPANY for order authorizing issue)
of note in the face amount of \$200,000) Application
for the purpose of financing in part) No. 31417
the construction of additional cold)
storage and freezing facilities to)
cost approximately \$250,000.)
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O P I N I O N

This is an application for an order authorizing Security Warehouse & Cold Storage Company to issue an unsecured note in the principal amount of \$200,000 for the purpose of enlarging its cold storage and freezing facilities.

Applicant is engaged in business in San Jose and Santa Clara, its operations including cold storage, food freezing, ice manufacturing, and the leasing of packing house facilities. Its annual reports to the Commission for the last three years show its revenues and expenses as follows:

	<u>1947</u>	<u>1948</u>	<u>1949</u>
Warehouse operations -			
Operating revenues	\$643,678.82	\$630,126.57	\$832,847.82
Operating expenses	<u>597,029.78</u>	<u>575,115.14</u>	<u>747,024.72</u>
Net operating income	<u>46,649.04</u>	<u>55,011.43</u>	<u>85,823.10</u>
Non-utility operations -			
Revenues	313,410.79	289,370.36	248,768.45
Expenses	<u>296,273.65</u>	<u>256,829.54</u>	<u>218,660.93</u>
Net income	<u>17,137.14</u>	<u>32,540.82</u>	<u>30,107.54</u>
Gross income	<u>\$ 63,786.18</u>	<u>\$ 87,552.25</u>	<u>\$115,930.64</u>

In Exhibit A filed in this proceeding, applicant reports assets and liabilities as of March 31, 1950, as follows:

Assets

Land, buildings, equipment and construction	\$2,338,222.45	
Less: reserve for depreciation	<u>1,291,084.06</u>	\$1,047,138.39
Stock in affiliated company		1.00
Cash value of life insurance		13,775.00
Cash		282,479.86
Accounts and other receivables		86,066.72
Inventories and special deposits		11,747.20
Deferred charges		<u>27,340.16</u>
Total assets		<u>\$1,468,548.33</u>

Liabilities

Common stock	\$	700,000.00
Current and accrued liabilities		146,932.43
Deferred credits		3,987.47
Reserve for uninsured hazards		35,877.68
Capital surplus		1,295.00
Earned surplus		<u>580,455.75</u>
Total liabilities		<u>\$1,468,548.33</u>

In its 1949 annual report, applicant reports that the cold storage plants include 187,721 square feet of storage space. It now desires to construct a new freezer storage building of approximately 26,500 square feet, together with spur track, paved roadway and an enclosed car-loading platform, at an estimated cost of \$165,000. In addition, it proposes to install a quick freezing system within an existing cold storage room at an estimated cost of \$35,000, an ammonia compressor at an estimated cost of \$15,000, additional fork lift trucks, industrial trailers, pallets, and other equipment at an estimated cost of \$22,500, and improvements to its refrigeration plant at an estimated cost of \$12,500, the total estimated cost of the new construction and improvements aggregating \$250,000.

To finance in part the estimated expenditures, applicant proposes to borrow the sum of \$200,000 from American Trust Company. The sum to be borrowed will be represented by an unsecured note in the amount of \$200,000 bearing interest at the rate of 3% per annum payable quarterly, the first interest payment to be made on June 30,

1950, with payments on the principal in annual installments of \$50,000 commencing May 31, 1952.

A copy of the proposed note to be issued by applicant is attached to the application as Exhibit B.

O R D E R

The Commission having considered the above entitled matter and being of the opinion that a public hearing thereon is not necessary, that the application should be granted, as herein provided, that the money, property or labor to be procured or paid for through the issue of a note for \$200,000 is reasonably required by Security Warehouse & Cold Storage Company 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:

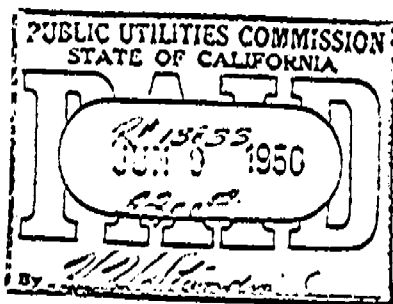
1. Security Warehouse & Cold Storage Company, after the effective date hereof and on or before August 31, 1950, may issue a note in the principal amount of \$200,000, in, or substantially in, the same form as that filed in this proceeding as Exhibit B.

2. Security Warehouse & Cold Storage Company shall use the proceeds to be received through the issue of the note herein authorized for the purposes referred to in the preceding opinion.

3. Applicant shall file with the Commission a copy of the note executed under the authority herein granted within thirty (30) days after the date thereof. It shall file with the Commission within six (6) months after the issue of the note herein authorized, a statement showing the purposes for which it used the proceeds.

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 7th day of June, 1950.



R. E. Anderson
Justice J. Osceola
Leo H. Powell
Harold Hule
Benjamin L. Patton
Commissioners