

ORIGINAL

Decision No. 45018

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application )

of )

SANTA CLARA COLD STORAGE & FREEZER CO., )  
a California corporation, to Issue and )  
Sell Capital Stock and to Borrow and )  
Execute Deed of Trust and Chattel )  
Mortgage. )  
----- )

Application  
No. 31890

O P I N I O N

This is an application for an order authorizing Santa Clara Cold Storage & Freezer Co. to issue and sell \$50,000 par value of its common stock, to issue a note in the principal amount of \$200,000, and to execute a deed of trust and a mortgage of chattels for the purpose of financing the cost of properties and of providing working capital.

Applicant is a California corporation organized on or about August 9, 1950. In an earlier application (No. 31731) filed with the Commission on September 6, 1950, it reported that it intended to engage in the handling and cold storage of fruits, vegetables and other commodities in Santa Clara County, and that it proposed to purchase seven acres of land and to construct thereon a plant consisting of six storage rooms of an aggregate capacity of 480,000 cubic feet, equipped with refrigeration machinery, all at an estimated cost of \$352,825. By Decision No. 44787, dated September 19, 1950, in that proceeding, it was authorized to issue and sell \$250,000 par value of its stock to finance in part its estimated costs and to provide working capital.

In the present proceeding, applicant reports that it has been requested by several groups of strawberry growers, and others

interested in packaging frozen commodities, to construct and equip a quick freezer plant in addition to its other proposed facilities, that it has considered this matter and has concluded that there is need for additional quick freezing and storage facilities in the Santa Clara Valley, and that the construction and operation of such facilities will be of advantage to it and will assure it of a profitable return from operations.

Accordingly, applicant has expanded its proposed construction program and now estimates total expenditures in the amount of \$438,814, as follows:

Land - 7 acres at \$2,500.00	\$17,659.00
Spur track - 285 ft. at 8.50 per ft.	2,500.00
Paving for fork lift truck operation-20 M sq.ft. at 35¢	7,000.00
60 ft. truck scales	5,000.00
Pave roadway - 1/2 of 30 x 700 ft. at 8¢ sq.ft.	840.00
Cost of main storage plant:	
6 storage rooms 50' x 80' - 20' high	
Each room 4,000 sq.ft. or 80,000 cu.ft.	
Total capacity 24,000 sq.ft. or 480,000 cu.ft.	
Engine room and battery charging 50' x 60'	
Above complete with refrig. machinery	334,506.00
Freezer room with cells 50' x 80' - 17'6" high	36,509.00
Machinery for freezer	13,500.00
Engineering fee	5,000.00
Bond for contractor	1,800.00
Attorney fee for incorporation	500.00
Water and sewer connections	2,000.00
2 Electric lift trucks and batteries	12,000.00
<b>Total</b>	<b><u>\$438,814.00</u></b>

Applicant estimates that it will have revenues from its storage rooms in the amount of \$110,720 and from its quick freezer in the amount of \$30,000, a total of \$140,720, and that its annual expenses, exclusive of federal income taxes, will aggregate \$69,261, leaving a net profit of \$71,459.

To finance its estimated expenditures and to provide working capital, applicant proposes to sell \$50,000 par value of stock, in addition to that heretofore authorized by said Decision No. 44787, and to borrow from American Trust Company the sum of \$200,000. The sum to be thus borrowed will be represented by a note payable in

annual installments of \$20,000, commencing December 31, 1951, with interest at the rate of 4% per annum. The payment of the note will be secured by a deed of trust and by a mortgage of chattels.

It appears that applicant will have need for the funds to be obtained through the issue of the stock and note for the purposes indicated in the application. An order will be entered.

### 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 the stock and note herein authorized is reasonably required by applicant 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. Santa Clara Cold Storage & Freezer Co., after the effective date hereof and on or before June 30, 1951, may issue and sell, at par, not exceeding 500 shares of its capital stock of the par value of \$100 each, in addition to the shares of stock heretofore authorized by Decision No. 44787, dated September 19, 1950, and may issue a note in the principal amount of not exceeding \$200,000, and may 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 C, Exhibit D, and Exhibit E, respectively.

2. Applicant shall use the proceeds to be received through the issue of said shares of stock and said note to finance its

estimated construction expenditures and to provide working capital to maintain its service, as set forth in this application.

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 21<sup>st</sup> day of November, 1950.

Q. E. Anderson  
Justus J. Quemer  
Leah P. Lowell  
Harold H. Kula  
President & Patten  
Commissioners

