

ORIGINAL

Decision No. 45892

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application)
of)MODESTO REFRIGERATING CO.,)
a corporation,)for authorization to issue a)
promissory note, and as security)
for the payment of the same to execute)
a supplementary trust deed affecting)
its public utility property.)
-----)Application
No. 32497OPINION

In this application, Modesto Refrigerating Co., a corporation, requests authorization to execute an indenture supplemental to its presently outstanding deed of trust of May 6, 1946, and to issue a promissory note in the principal amount of \$135,000 for the purpose of financing, in part, the cost of improvements to its facilities.

Applicant owns a cold storage and quick freezing plant and also other real property not of a public utility nature located in Stanislaus County in and near Modesto. In its annual reports to the Commission for the last three years it has reported revenues as follows:

| | <u>1948</u> | <u>1949</u> | <u>1950</u> |
|---------------------------|----------------|----------------|----------------|
| Utility operating revenue | \$747,483 | \$765,904 | \$ 868,774 |
| Other revenues | <u>190,566</u> | <u>162,876</u> | <u>153,754</u> |
| Total | 938,049 | 928,780 | 1,022,528 |
| Net income | 343,284 | 325,530 | 372,444 |

A condensed statement of applicant's assets and liabilities, as of March 31, 1951, is as follows:

Assets

| | | |
|-------------------------------|-------------------|-----------------------|
| Current assets - | | |
| Cash | \$ 181,474.90 | |
| U. S. savings bonds | 100,000.00 | |
| Notes and accounts receivable | 174,170.00 | |
| Material and supplies | 3,528.25 | |
| Prepaid expenses | <u>36,348.00</u> | |
| Total current assets | | \$ 495,521.15 |
| Fixed assets - | | |
| Plant and property | 2,485,929.95 | |
| Less-reserves | <u>810,108.89</u> | |
| Net fixed assets | | <u>1,675,821.06</u> |
| Total | | <u>\$2,171,342.21</u> |

Liabilities

| | | |
|------------------------------------|-------------------|-----------------------|
| Current liabilities - | | |
| Accounts payable | \$ 7,096.01 | |
| Accrued liabilities | <u>153,251.76</u> | |
| Total current liabilities | | \$ 160,347.77 |
| Due Santa Fe Land Improvement Co.- | | |
| Notes | 905,000.00 | |
| Contract | <u>137,294.50</u> | |
| Total | | 1,042,294.50 |
| Common stock equity | | <u>968,699.94</u> |
| Total | | <u>\$2,171,342.21</u> |

The Commission heretofore has authorized applicant to execute a deed of trust and a first supplemental deed of trust to A. O. Appel as trustee for Santa Fe Land Improvement Company, beneficiary, and to issue promissory notes secured thereby in the aggregate principal amount of \$1,462,300 for the purpose of paying indebtedness and of financing the cost of facilities. The principal amount of said indebtedness has been reduced to \$905,000 as of the date of the balance sheet.

Applicant now reports the necessity for borrowing an additional sum of \$135,000 in order to defray a part of the cost of converting one of its existing cold storage rooms into a quick freezing tunnel room and to make the necessary mechanical additions in its engine plant. The conversion will be accomplished by installing, in the present quarters, 24 individual freezing tunnels, or compartments, each approximately 4 feet 4 inches wide, 7 feet

high, and 18 feet 7 inches long, and equipped with a $7\frac{1}{2}$ horsepower fan capable of furnishing 21,000 cubic feet of air a minute, together with evaporator coils and other equipment, all providing capacity to quick freeze approximately 100 tons of produce in each period of 24 hours.

In support of its request for permission to borrow money to pay for these improvements, applicant states that demands for quick freezing, particularly in the turkey industry, are increasing in its service area and that its present facilities will be inadequate to take care of the increased business which will be offered it.. It contemplates putting the additional facilities referred to in this application into service in August of this year.

The estimated cost of the improvements is \$250,000, consisting of \$135,000 for the engine room and \$115,000 for the quick freezing tunnels, of which \$135,000 will be borrowed from Santa Fe Land Improvement Company, the remainder being provided by applicant from its treasury funds. The sum to be borrowed will be evidenced by a promissory note payable in annual installments of \$6,750, or more, on the 31st day of December of each year commencing in 1951, with interest at the rate of $4\frac{1}{2}\%$ per annum. Applicant proposes to execute a second supplemental deed of trust for the purpose of making all the property described in the original and first supplemental indenture stand as security for the payment of the additional borrowing.

O R D E R

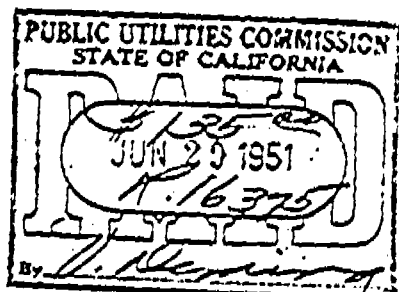
The Commission having considered the above entitled matter, and being of the opinion that a public hearing thereon is not necessary; that the application should be granted, as herein provided; that the money, property or labor to be procured or paid for through

the issue of the 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. Modesto Refrigerating Co., after the effective date hereof and on or before September 30, 1951, may execute and deliver a second supplemental deed of trust and a promissory note in the principal amount of \$135,000 in, or substantially in, the same form as those filed in this proceeding, and use the proceeds for the purposes set forth in this application.
2. Applicant shall file with the Commission monthly reports as required by General Order No. 24-A; which order, insofar as applicable, is made a part of this order.
3. 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 one hundred thirty-five (\$135.00) dollars.

Dated at San Francisco, California, this 29th day of January, 1951.



R. J. Anderson
Harold H. Hale
J. L. McNeill

Commissioners