

Decision No. 46234

ORIGINAL

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of)	
BURBANK REFRIGERATING COMPANY for)	Application
Authority to Issue a Long-Term Note.)	No. 32743
-----)	

O P I N I O N

This is an application for an order authorizing Burbank Refrigerating Company, formerly known as Freeze-It Corporation, to issue a note in the principal amount of \$35,000 in exchange for \$35,000 par value of Class A shares of stock now outstanding.

Applicant was organized on November 12, 1941. Its Articles of Incorporation provide for an authorized capital stock of 4,000 shares of the par value of \$100 each, divided equally into Class A shares and Class B shares, of which there are outstanding 1,150 Class B shares held in equal proportions by David Rasky, Sally Rasky and Dr. E. M. Robbins, and 350 Class A shares held by Dr. E. M. Robbins. The holder of the Class A shares is entitled to cumulative dividends at the rate of 6% per annum.

At the outset, applicant engaged in the frozen food locker business but later concluded to expand its business and to construct and operate a public utility cold storage warehouse in Burbank. It filed with the Commission a schedule of rates for public utility service during May, 1949. It has reported its operating revenues and net income for the calendar years 1949 and 1950 and the first seven months of 1951, as follows:

	<u>1949</u>	<u>1950</u>	<u>7 Months 1951</u>
Revenues			
Warehouse revenues	\$111,113	\$212,536	\$148,177
Nonutility revenues	<u>76,043</u>	<u>33,088</u>	<u>12,492</u>
Total revenues	<u>187,156</u>	<u>245,624</u>	<u>160,669</u>
Gross corporate income available for interest	53,656	65,048	34,755
Interest and other charges	26,778	36,141	21,205
Net income	<u>26,878</u>	<u>28,907</u>	<u>13,550</u>

In Exhibit A filed in this proceeding, applicant reports its investment in land, structures and equipment in the aggregate amount of \$772,190 and in current and deferred assets in the amount of \$66,985, a total of \$839,175, which has been financed through the issue of long-term debt in the amount of \$475,834, through current liabilities and earnings from operations and through the issue of the shares of stock now outstanding. The shares of Class A stock were issued pursuant to authority granted by the Commission by Decision No. 42962, dated June 7, 1949, for the purpose of paying indebtedness which had been incurred in the construction of the cold storage warehouse.

The present application shows that the holder of the Class A shares has agreed to surrender them to the corporation and to receive in exchange a promissory note in the principal amount of \$35,000. The note will be unsecured, will bear interest at the rate of 6% per annum, and will be paid off at the rate of \$295.36 or more per month, with a maximum term of fifteen years.

A review of applicant's financial statements indicates that its assets and earnings should be ample to support the proposed issue and to permit the required payments of principal and interest. The transaction, as proposed, will result in a reduction of applicant's capital structure through the amortization of the new note, and in certain savings in taxes on income. It appears that the transaction will not be adverse to the public interest.

Under the circumstances set forth in this proceeding, an order will be entered granting applicant's request.

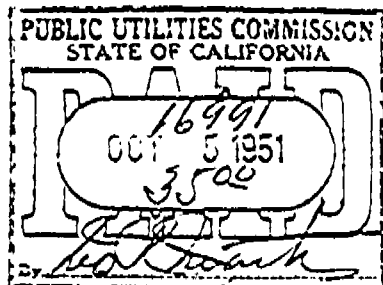
O R D E R

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 purpose specified herein; and that such purpose is not, in whole or in part, reasonably chargeable to operating expenses or to income; therefore,

IT IS HEREBY ORDERED as follows:

1. Burbank Refrigerating Company, after the effective date hereof and on or before December 31, 1951, may issue a promissory note in the principal amount of \$35,000, bearing interest at the rate of not exceeding 6% per annum and being payable at the rate of \$295.36 or more per month, with a maximum term of fifteen years, for the purpose 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 1904 of the Public Utilities Code, which fee is thirty-five (\$35.00) dollars.

Dated at San Francisco, California, this 2nd day of October, 1951.



[Handwritten signature]

President

[Handwritten signature]

Harold A. Auld

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Theodore B. Mitchell