

Decision No. 47722

ORIGINAL

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application)
of)

YUBA CITY REFRIGERATING COMPANY)
for an order authorizing it to)
execute its promissory note to)
California Canning Peach Associ-)
ation and to secure the same by)
a deed of trust upon utility)
property.)
-----)

Application
No. 33713

OPINION AND ORDER

Yuba City Refrigerating Company has filed this application for authorization to execute a deed of trust and to issue a note in the principal amount of \$125,260.

Applicant is a California utility corporation engaged in the cold storage warehouse business in Yuba City. According to its application, it conducts its operations in part in premises owned by it and in part in premises leased from California Canning Peach Association under an agreement dated June 6, 1946. The agreement provides, among other things, that the association reserves the right to the use of space in the plant for its exclusive use during the fresh peach harvesting and canning season. It grants to applicant the option to purchase the premises for the actual cost of construction and the cost of the real property less a depreciation charge of 3% per annum, or at the appraised value of the plant, whichever is less.

Applicant now reports that the administration of the reservation of space has become burdensome and that, after negotiations, the association has agreed to sell the premises to it, free and clear of the reservation, for the agreed purchase price of \$125,260, the

association to accept an installment promissory note in the full amount of the purchase price. Applicant alleges that the cost of the real property and improvements was \$181,357.46 and that the agreed purchase price is not in excess of the fair market value.

A copy of the proposed note has been filed in this proceeding as Exhibit C and a copy of a deed of trust to be executed to secure its payment as Exhibit D. The form of the note provides that interest at the rate of 2% per annum will be paid on \$115,260 of the total principal amount, with no interest on the remaining \$10,000 of the principal. The note will be paid in installments, the final one being on October 15, 1956.

Applicant's 1951 annual report indicates that at the close of the year its net investment in its properties amounted to \$470,122.67 and in current assets to \$48,228.47, a total of \$518,351.14, and that it had financed itself through the issue of \$70,000 of long-term notes and the investment of \$448,351 of equity capital. It appears that during 1951 applicant's operating revenues amounted to \$225,675.36 and its nonutility revenues to \$1,426.55, with net income from all sources of \$55,273.22.

The Commission has considered this matter and is of the opinion that a public hearing is not necessary; that the application should be granted, as herein provided; that the money, property or labor to be procured or paid for by 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. Yuba City Refrigerating Company, after the effective date hereof and on or before February 28, 1953, may issue a note in

the principal amount of not exceeding \$125,260 for the purpose of financing the purchase of the properties to which reference is made herein and may execute a deed of trust, which note and deed of trust shall be in, or substantially in, the same form as those filed in this proceeding as Exhibit C and Exhibit D, respectively.

2. The action taken herein shall not be construed to be a finding of the value of the properties referred to in this application.

3. 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.

4. The authority herein granted will become effective when applicant has paid the fee prescribed by Section 1904(b) of the Public Utilities Code, which fee is one hundred twenty-six (\$126.00) dollars.

Dated at San Francisco, California, this 24th day of September, 1952.

A. I. [Signature]
President

James F. [Signature]
Harold P. [Signature]

Commissioners

