

ORIGINAL

Decision No. 47809

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application)
of)
MODERN ICE & COLD STORAGE CO.,)
a corporation, for authority to)
issue an evidence of indebtedness)
and to encumber its public utility)
properties.)
-----)

Application
No. 33771

O P I N I O N

In this application the Commission is asked to make an order authorizing Modern Ice & Cold Storage Co. to execute a deed of trust and a mortgage of chattels and to issue a note in the principal amount of \$300,000 for the purpose of refinancing outstanding indebtedness and of providing the cost of equipment.

Applicant is a California corporation engaged in the public utility cold storage business in San Jose. The following tabulation, prepared from applicant's annual reports on file with the Commission, indicates its revenues and expenses during the last three calendar years as follows:

	<u>Revenues</u>	<u>Expenses</u>	<u>Interest and Other Charges</u>	<u>Net</u>	<u>Dividends</u>
1949	\$392,031	\$273,750	\$ 5,692	\$112,589	\$60,000
1950	475,886	354,756	9,560	111,570	60,000
1951	607,213	505,970	11,872	89,371	60,000

In Exhibit D filed in this proceeding, applicant reports its assets, liabilities and net worth as of July 31, 1952. A summary of the same is as follows:

Assets

Cold storage property and equipment		\$1,020,898.97
Fixed capital under construction		5,174.44
Current assets -		
Cash	\$ 20,512.84	
Notes receivable	14,150.00	
Accounts receivable	66,939.81	
Materials and supplies	5,160.37	
Prepayments	<u>16,094.27</u>	
Total current assets		<u>122,857.29</u>
	Total	<u>\$1,148,930.70</u>

Liabilities and Net Worth

Long-term debt		\$ 170,000.00
Current liabilities -		
Notes payable	\$ 80,000.00	
Accounts payable	25,944.57	
Accrued liabilities	<u>44,067.28</u>	
Total current liabilities		150,011.85
Reserves		323,903.13
Net worth -		
Capital stock	300,000.00	
Surplus	<u>205,015.72</u>	
Total net worth		<u>505,015.72</u>
	Total	<u>\$1,148,930.70</u>

The long-term debt, originally in the principal amount of \$250,000, is represented by a note issued under authority granted by the Commission by Decision No. 43658, dated December 27, 1949, in Application No. 30839. The note is payable in annual installments of \$40,000 with interest at the rate of 4% per annum.

Applicant now reports that it has been unable to provide the freezer storage space requested of it during the past season, that the present space is wholly inadequate, and that it now desires to convert a portion of its facilities into freezer storage space so as to provide approximately 99,200 cubic feet of additional room. The estimated cost of the conversion work is \$130,000, including freezer equipment and machinery and lift trucks.

It appears that applicant has made arrangements to borrow the required funds from American Trust Company and to issue a new note in order to consolidate the present indebtedness of \$170,000 and the additional borrowing of \$130,000. The proposed note will be in the principal amount of \$300,000 and will be payable in annual installments of \$50,000 commencing November 1, 1953, with interest at the rate of 4-1/2% per annum. A copy of the form of note has been filed in this proceeding as Exhibit A, and a copy of the proposed deed of trust and of the proposed mortgage of chattels as Exhibit B and Exhibit C, respectively.

O R D E R

The Commission having considered the above entitled matter, and being 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 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. Modern Ice & Cold Storage Co., after the effective date hereof and on or before December 31, 1952, may issue its note in the principal amount of \$300,000 for the purposes indicated in this application, 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 A, Exhibit B and Exhibit C, respectively.

2. Modern Ice & Cold Storage Co. 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 Modern Ice & Cold Storage Co. has paid the fee prescribed by Section 1904(b) of the Public Utilities Code, which fee is one hundred thirty (\$130.00) dollars.

Dated at San Francisco, California, this 14th day of October, 1952.

R. J. [Signature]
President

Justice Z. [Signature]

Harold K. [Signature]

Kenneth [Signature]

John E. Mitchell
Commissioners

