

Decision No. 47853

**ORIGINAL**

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of )  
MERCHANTS ICE & COLD STORAGE COMPANY, )  
a corporation, for an order authoriz- )  
ing the issuance of a promissory note. )  
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Application  
No. 33796

O P I N I O N

This is an application for an order of the Commission authorizing Merchants Ice & Cold Storage Company to issue a promissory note in the principal amount of \$500,000 for the purpose of financing the cost of improvements.

Applicant is a California corporation engaged as a public utility warehouseman in the storage of perishable food products in San Francisco. It reports that it desires to reconstruct certain of its cooler facilities, which are said to be inadequate and obsolete, and to convert them to freezer facilities at an estimated cost of \$500,000, consisting of \$444,000 for improvements to its buildings and \$56,000 for refrigeration equipment and ducts. The conversion will add approximately 37,800 square feet of freezer space. Applicant reports that it has received a certificate of necessity from the National Security Resources Board covering the proposed improvements, which certificate carries with it authorization to write off 65% of the depreciable plant over a five-year period.

To finance the estimated costs, applicant has entered into a loan agreement with The Anglo California National Bank of San Francisco to borrow the sum of \$500,000. It proposes to issue a

note, pursuant to the terms of the agreement, in evidence of the amount to be thus borrowed, said note to be payable in ten equal semi-annual installments of \$50,000 each commencing six months after date of issue, with interest at the rate of  $4\frac{1}{2}\%$  per annum on deferred payments. A copy of the loan agreement, dated October 7, 1952, and a copy of the proposed note have been filed in this proceeding as Exhibit B.

Applicant's financial position as of July 31, 1952, as indicated in Exhibit A filed in this proceeding, shows assets, liabilities and net worth as follows:

Assets

Current assets -		
Cash	\$ 75,937.40	
Accounts receivable-net	96,951.32	
Total current assets		\$ 172,888.72
Plant, property and equipment -		
Land	735,648.16	
Buildings and equipment	2,794,621.78	
Construction in progress	278,639.67	
Total	3,808,909.61	
Less-depreciation reserve	2,071,626.95	
Net plant, property and equipment		1,737,282.66
Other investments		1,002.00
Deferred charges		35,069.49
		<u>\$1,946,242.87</u>

Liabilities and Net Worth

Current liabilities -		
Note payable	\$ 75,000.00	
Accounts payable	42,430.24	
Total current liabilities		\$ 117,430.24
Preferred stock		416,150.00
Common stock		999,575.00
Surplus		413,087.63
		<u>\$1,946,242.87</u>

Reports of operation on file with the Commission show that during 1950 applicant's operating revenues amounted to \$542,864 and its nonoperating revenues to \$85,234, a total of \$628,098, with net income of \$46,562. During 1951, applicant's operating revenues

amounted to \$697,996 and its nonoperating revenues to \$68,314, a total of \$776,310, with net income of \$79,727. For the first seven months of 1952, applicant reports total revenues from all sources of \$365,192, of which \$329,415 is stated as storage revenue, and net profit of \$32,775 after payment of all charges.

A review of the application and of applicant's financial statements indicates that it will have need for the proceeds from the issue of the proposed note to finance the cost of its improvements. Accordingly, an order will be entered granting the application.

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 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. Merchants Ice & Cold Storage Company, on or after the effective date hereof and on or before March 31, 1953, may issue a promissory note in the principal amount of not exceeding \$500,000 for the purpose set forth in this application, said note to be in, or substantially in, the same form as that filed in this proceeding and to be issued in accordance with the terms of the loan agreement dated October 7, 1952, with The Anglo California National Bank of San Francisco.

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(b) of the Public Utilities Code, which fee is five hundred (\$500.00) dollars.

Dated at San Francisco, California, this 28<sup>th</sup> day of October, 1952.

[Signature]  
President

Justin F. Garner  
[Signature]

[Signature]  
[Signature]  
Commissioners

