

Decision No. 48337**ORIGINAL**

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 execute a )  
supplemental agreement modifying )  
provisions relating to times of )  
payment of installments of )  
principal, in previously executed )  
notes and trust deeds. )  
----- )

Application  
No. 34113O P I N I O N

Modesto Refrigerating Co. has filed this application for authorization to execute an agreement with Santa Fe Land Improvement Company in order to modify certain provisions relating to times of payment of installments on principal amounts of notes heretofore authorized by the Commission and now outstanding.

Applicant was organized during 1926 and since that time has been engaged in operating cold storage warehouse facilities and other properties at Modesto. Its revenues and expenses for the last two calendar years, as reflected by financial statements filed with the Commission, are indicated in the following tabulation:

	<u>1951</u>	<u>1952</u>
Revenues -		
Cold storage	\$ 646,262.13	\$ 643,874.98
Other revenues	536,152.32	481,265.14
Total revenues	<u>1,182,414.45</u>	<u>1,125,140.12</u>
Expenses and deductions	<u>803,888.14</u>	<u>770,540.91</u>
Net profit before income taxes	378,526.31	354,599.21
Provision for income taxes	<u>193,325.66</u>	<u>188,436.46</u>
Balance	<u>\$ 185,200.65</u>	<u>\$ 166,162.75</u>

In making the present application, applicant has filed its balance sheet as of December 31, 1952, a summary of which, indicating its financial position as of that date, is as follows:

<u>Assets</u>		
Current assets		\$ 581,160.92
Fixed assets -		
Property and equipment	\$2,847,944.07	
Less-depreciation reserves	<u>1,065,252.56</u>	
Net fixed assets		<u>1,782,691.51</u>
	Total	<u>\$2,363,852.43</u>
<u>Liabilities and Net Worth</u>		
Current liabilities		\$ 222,661.60
Contracts		<u>153,426.32</u>
Sub-total		376,087.92
Long-term debt		<u>780,480.00</u>
Total liabilities		<u>1,156,567.92</u>
Equity capital		<u>1,207,284.51</u>
	Total	<u>\$2,363,852.43</u>

Heretofore the Commission has authorized applicant to issue to Santa Fe Land Improvement Company its promissory notes in the principal amount of \$1,597,300 for the purpose of financing in part its investment in its real property and improvements and to execute a deed of trust and a supplemental deed of trust to secure the payment of the same. The notes thus issued and the unpaid balances as of December 31, 1952, are shown below:

<u>Date of Issue</u>	<u>Principal Amount</u>	<u>Unpaid Balances</u>	<u>Maturities</u>
May 6, 1946	\$1,162,300	\$443,655	\$58,115 or more annually commencing Dec. 31, 1946.
Mar. 28, 1950	300,000	226,285	\$15,000 or more annually commencing Dec. 31, 1950.
June 1, 1951	135,000	110,540	\$6,750 or more annually commencing Dec. 31, 1951.
	<u>\$1,597,300</u>	<u>\$780,480</u>	

The indentures securing the payment of the notes provide for the payment by applicant on the principal of said notes of a sum equal to one-third of the net profits realized by it from its operations, in addition to the fixed installments referred to in the preceding tabulation. During the year 1952 applicant reduced the principal amount of the three outstanding notes by the sum of \$118,155.

The present application shows that applicant now desires to modify and extend the time for payment of the installments on the principal amount of the three notes and that Santa Fe Land Improvement Company has agreed to a revision of the terms whereby the requirement that applicant use one-third of its net profits to reduce the indebtedness will be eliminated and the fixed installments will be adjusted so as to reduce to \$28,825 the annual installment on the note dated May 6, 1946, and to \$14,425 the annual installment on the note dated March 28, 1950, with no change, however, in the annual installment of \$6,750 on the note dated June 1, 1951. The result of these modifications will be to reduce the total fixed annual installment payments from \$79,865 to \$50,000.

It appears that applicant is seeking these changes in the terms of its indenture so as to enable it to apply a greater amount of its earnings to the improvement and extension of its facilities and the replacement of worn out equipment, as well as to provide additional amounts of working capital.

#### 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 and that the application should be granted, as herein provided; therefore,

IT IS HEREBY ORDERED as follows:

1. Modesto Refrigerating Co., on and after the effective date hereof and on or before June 30, 1953, may execute an agreement with Santa Fe Land Improvement Company, in, or substantially in, the same form as that filed in this proceeding as Exhibit A, providing for modification of provisions relating to the payment of its outstanding notes.

2. The authority herein granted is effective upon the date hereof.

Dated at San Francisco, California, this 10<sup>th</sup> day of March, 1953.

R. F. [Signature]  
President

[Signature]

[Signature]  
[Signature]

Commissioners

Justus E. Craomer  
Commissioner..... being  
necessarily absent, did not participate  
in the disposition of this proceeding.