

ORIGINAL

Decision No. 48675

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of)
TURLOCK REFRIGERATING COMPANY,)
A corporation, for authority to)
issue capital stock and execute)
evidences of indebtedness and)
leasing agreement.)
-----)

Application
No. 34278
(First Supplemental)

FIRST SUPPLEMENTAL OPINION

By Decision No. 48522, dated April 28, 1953, the Commission authorized Turlock Refrigerating Company to issue \$260,000 par value of its common stock to finance in part the cost of acquiring and constructing certain property and facilities in Turlock for the warehousing of perishable foods and other products and to provide working capital. The Commission held in abeyance a request of the company to issue \$275,000 of notes pending the completion of final arrangements with respect to the same.

In a supplemental application filed in this proceeding applicant reports that it has modified its plans and that it now desires authorization to issue an additional \$40,000 of stock and two notes in the total amount of \$124,812 to complete its financing, and to enter into an agreement to lease its handling equipment. Its revised plans call for the expenditure of \$424,812, as follows:

Land, approximately 10 acres	\$ 29,336
Spur track	7,500
Building - including 4 cold storage rooms with an aggregate capacity of 432,000 cubic feet, a quick freeze room of 45,000 cubic feet capacity, a mechanical room, dry storage space and office facilities	131,321
Insulation	53,667
Refrigeration machinery	135,000
Electric wiring	17,000
Furniture and fixtures	3,000
Organization expenses and working capital	<u>47,988</u>
Total	<u>\$424,812</u>

In lieu of purchasing fork lift trucks, pallets and conveyors for \$52,000, as originally planned, applicant intends to lease the same from the United States Leasing Corporation for a period of three years, with renewal options on a year to year basis, at annual rentals of \$20,280 decreasing to \$2,990.

Applicant proposes to meet its estimated capital requirements through the issue of the \$260,000 of stock authorized by Decision No. 48522 and the issue of the additional block of \$40,000 of stock covered by the supplemental application, and through the issue of a note for \$100,000 to Bank of America National Trust and Savings Association and a note for \$24,812 to Tidewater Southern Railway Company. The \$100,000 note will be secured by a first deed of trust and a chattel mortgage covering 1.56 acres of land, the building, equipment and office furniture and fixtures, and will be payable in installments over a period of five years with interest at the rate of 5% per annum. The \$24,812 note will be secured by a first deed of trust covering 8.556 acres of land and will be payable in ten annual installments, with interest at the rate of 4% per annum.

It appears that applicant has received bids for its proposed construction and that work will be commenced immediately

upon approval of its security issues. Applicant estimates its annual income and expenses as follows:

Operating revenues		\$240,000
Operating revenue deductions -		
Operating expenses, including depreciation and rent	\$141,680	
Taxes, excluding income taxes	<u>14,600</u>	
Total		<u>156,280</u>
Net operating income		83,720
Less -		
Interest	6,200	
Other deductions	2,000	
Federal taxes on income	<u>34,000</u>	
Total		<u>42,200</u>
Net income		<u>\$ 41,520</u>

Upon reviewing the supplemental application we are 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 stock and notes herein authorized is reasonably required by applicant for the purposes specified herein, that such purposes are not, in whole or in part, reasonably chargeable to operating expenses or to income, and that a further order should be entered in this proceeding.

FIRST SUPPLEMENTAL ORDER

The Commission having considered the first supplemental application in this proceeding and being of the opinion that applicant's requests should be granted, as herein provided; therefore,

IT IS HEREBY ORDERED as follows:

1. Turlock Refrigerating Company may issue and sell, on or before December 31, 1953, at par for cash, \$40,000 par value of its common stock, in addition to the \$260,000 par value of common stock heretofore authorized by Decision No. 48522, dated April 28, 1953.

2. Turlock Refrigerating Company may issue, on or before December 31, 1953, its promissory note in the principal amount of \$100,000 to Bank of America National Trust and Savings Association and its promissory note in the principal amount of \$24,812 to Tidewater Southern Railway Company, and may execute deeds of trust and a chattel mortgage and enter into a lease agreement, which instruments shall be in, or substantially in, the same form as those filed in this proceeding.

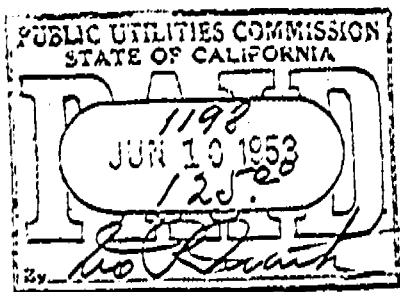
3. Turlock Refrigerating Company shall use the proceeds from the issue of said stock and notes for the purposes set forth in its first supplemental application in this proceeding.

4. The request of Turlock Refrigerating Company to issue the remaining \$150,188 of notes included in the original application hereby is dismissed without prejudice.

5. Turlock Refrigerating Company 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.

6. The authority herein granted will become effective when Turlock Refrigerating Company has paid the fee prescribed by Section 1904(b) of the Public Utilities Code, which fee is \$125.00.

Dated at Los Angeles, California, this 9th day of June, 1953.



R. F. [unclear]
President

Justus J. Coe

Harold Hula

[unclear]
[unclear]
Commissioners