

ORIGINAL

Decision No. 49400

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of SECURITY WAREHOUSE & COLD STORAGE COMPANY to issue its unsecured note in the face amount of \$500,000 for the purpose of financing in part the construction, acquisition and installation of cold storage and freezing facilities for private use.)	
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	:	Application
)	No. 34908
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O P I N I O N

Security Warehouse & Cold Storage Company, applicant herein, is a California corporation engaged in the operation of a cold storage and ice manufacturing plant located at 350 North First Street, San Jose. In this application it seeks authorization to issue an unsecured note to American Trust Company in the principal amount of \$500,000, said note to bear interest at the rate of 4½% per annum and to be repayable in varying amounts on December 31 of each year from 1954 through 1958.

The purpose of the proposed borrowing is to finance the expansion of applicant's facilities through the the construction and acquisition of additional quick freezing and freezer storage facilities and necessary handling equipment. Applicant proposes to construct a building, 200 feet by 205 feet in dimensions, on land it now owns and to equip the same with necessary machinery and equipment to supply approximately 75 tons of refrigeration, all at an estimated cost of \$350,000, to install in a separate building quick freezing facilities to have a capacity of six tons of vegetables an hour, together with related equipment, at an estimated cost of

\$180,000, and to acquire additional fork lift trucks and related equipment, pallets and stacking facilities at a cost of \$70,000. The total estimated cost of the new construction and equipment is \$600,000, of which applicant will provide \$100,000 from cash on hand and \$500,000 with the moneys to be borrowed from American Trust Company.

In presenting this application to the Commission applicant has furnished its financial statement showing its assets and liabilities as of September 30, 1953, as follows:

Assets

Tangible assets, less reserve		\$1,382,916.58
Other investments		40,187.75
Current assets -		
Cash	\$287,234.13	
Accounts receivable	332,069.43	
Accrued storage	31,565.12	
Inventories	<u>18,788.13</u>	
Total current assets		669,656.81
Deferred charges		<u>32,198.36</u>
	Total	<u>\$2,124,959.50</u>

Liabilities and Capital

Long-term debt		\$ 123,931.03
Current liabilities		210,393.05
Provision for income tax		166,880.00
Deferred credits		37,777.68
Capital -		
Capital stock	\$700,000.00	
Surplus	<u>885,977.74</u>	
Total capital		<u>1,585,977.74</u>
	Total	<u>\$2,124,959.50</u>

Applicant reports that during 1952 its operating revenues amounted to \$1,353,515.15 and its nonutility revenues to \$375,868.98, a total of \$1,729,384.13, and its net profit after all charges to \$117,073.82. For the first nine months of 1953 applicant reports revenues of \$1,468,969.92 and net profit of \$112,626.15, after making provision for income taxes.

It appears that the construction and acquisition of the proposed facilities are necessary to enable applicant to take care of its business, that applicant does not have sufficient cash on hand to finance the total estimated costs, and that applicant's assets and earnings should be ample to enable it to meet the obligations to be imposed by the proposed borrowing. Accordingly, we will enter an order granting applicant's request.

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 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. Security Warehouse & Cold Storage Company may issue its unsecured note, on or before March 31, 1954, in the principal amount of not exceeding \$500,000, under the terms set forth in this application, for the purpose of paying in part the cost of constructing, acquiring and installing the building, facilities and related equipment to which reference is made in this proceeding.

2. Security Warehouse & Cold Storage 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.

3. The authority herein granted will become effective when Security Warehouse & Cold Storage Company has paid the fee prescribed by Section 1904(b) of the Public Utilities Code, which fee is \$500.00.

Dated at San Francisco, California, this 8th day of December, 1953.

A. J. ...
President

Justin F. ...

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Commissioners

