

ORIGINAL

Decision No. 49646

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

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|---|---|-----------------------|
| Application of U. S. GROWERS & SHIPPERS SERVICE, INC. for permission to encumber its real property necessary or useful in the performance of its duties to the Public; issuing a note for \$106,000 and trust deed securing the same. |) | Application No. 35114 |
| ----- |) | |

O P I N I O N

This is an application for an order of the Commission authorizing U. S. Growers & Shippers Service, Inc. to encumber its properties and to issue a note in the principal amount of \$106,000.

Applicant operates a cold storage warehouse business in Vernon in a plant completed and placed in operation on or about October 1, 1950. It reports that its operations have been successful but that due to limited facilities it has been compelled to turn away almost as much warehousing business as it has accepted. In order to meet demands for its services it has acquired a parcel of land adjacent to its present holdings and has completed plans for the erection of a building addition providing approximately 360,800 cubic feet of cold storage space. The estimated cost of the land and improvements is \$218,450, segregated as follows:

| | |
|------------------------------|------------------|
| Land | \$ 34,450 |
| Building | 92,000 |
| Insulation | 44,000 |
| Refrigeration | 40,000 |
| Finish offices and yard | 4,000 |
| Plumbing and electrical work | <u>4,000</u> |
| Total | <u>\$218,450</u> |

Of the above sum, \$12,000 has been paid by applicant on the purchase price of the land, leaving a balance to be provided of \$206,450.

The application shows that presently there is a first deed of trust on the existing property in the amount of \$46,000 and that applicant has made arrangements to refinance this indebtedness and to obtain the \$206,450 needed to complete its proposed improvements from sources as follows:

| | |
|---|------------------|
| Borrowings from Pacific Mutual Life Insurance Company | \$106,000 |
| Credit by vendors for insulation and refrigeration | 56,000 |
| Open loan from builder | 25,000 |
| Loans from stockholders on one-year basis | <u>65,450</u> |
| Total | <u>\$252,450</u> |

The borrowings from Pacific Mutual Life Insurance Company will be represented by a note payable in monthly installments up to October 1, 1965, with interest at the rate of 5-1/2% per annum. The arrangements provide for a deed of trust covering the original and the newly acquired property, a construction agreement and an assignment of leases and rents to the lender.

Financial statements filed in this proceeding show applicant's net profits from operations were as follows:

| | |
|-------|---------------------|
| 1950 | \$(3,392.09) |
| 1951 | 17,184.90 |
| 1952 | 15,911.68 |
| 1953 | <u>14,816.17</u> |
| Total | <u>\$ 44,520.66</u> |

The statements indicate applicant's financial position as of December 31, 1953, as follows:

Assets

| | | |
|---------------------------------|------------------|---------------------|
| Current assets - | | |
| Cash | \$ 22,497.74 | |
| Accounts receivable | 33,496.52 | |
| Prepaid expenses | <u>13,799.05</u> | |
| Total current assets | | \$ 69,793.31 |
| Fixed assets, less depreciation | | 300,932.48 |
| Organization expense | | <u>15,346.83</u> |
| | Total | <u>\$386,072.62</u> |

Liabilities and Net Worth

| | | |
|-----------------------|------------------|---------------------|
| Current liabilities | | \$ 94,534.50 |
| Long-term liabilities | | 47,017.46 |
| Net worth - | | |
| Common stock | \$200,000.00 | |
| Retained earnings | <u>44,520.66</u> | |
| Total net worth | | <u>244,520.66</u> |
| | Total | <u>\$386,072.62</u> |

From a review of the verified application it clearly appears that applicant will have need for the proposed borrowings to meet its capital costs and that its earnings and properties should be ample to service its loans. Accordingly, an order will be entered granting the application.

ORDER

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. U. S. Growers & Shippers Service, Inc. after the effective date hereof and on or before September 30, 1954, may issue a promissory note in the principal amount of \$106,000, in, or substantially in, the same form as the note filed in this proceeding as Exhibit A for the purposes set forth in this application, and may execute and enter into a deed of trust, a construction agreement and an assignment of leases and rents, in, or substantially in, the same form as the documents filed as Exhibit B, Exhibit C and Exhibit D.

2. Applicant shall file with the Commission a report, or 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 \$106.00.

Dated at San Francisco, California, this 9th day of February, 1954.

A. E. [Signature]
President

Justus F. [Signature]

[Signature]

[Signature]

[Signature]
Commissioners

