

ORIGINAL

Decision No. <u>49931</u>

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA.

In the Matter of the Application) of) SANTA CLARA COLD STORAGE & FREEZER CO.,) Application a California corporation, for permission) to execute a long term note and for approval of lease.)

OPINION AND ORDER

Santa Clara Cold Storage & Freezer Co. has filed this application for authorization to issue a promissory note in the principal amount of \$50,000.

Applicant operates a cold storage and freezing business in Santa Clara.^{1/} It owns certain land adjacent to its plant and buildings which it does not use in its present operations. It reports, however, that it desires to utilize these holdings and that it has entered into a contract for the construction of a building thereon to contain approximately 12,000 square feet. The building will be crected in such fashion and of such materials that eventually it may be used by applicant as an extension of its freezing and storing facilities.

The estimated cost of the building will be \$50,000. Applicant has entered into arrangements with American Trust Company

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For the year 1953 applicant reported operating revenues of \$236,282 and nonutility revenues of \$15,250, a total of \$251,532, and net income of \$35,191. At the close of the year it reported its net investment in plant at \$829,632 and its outstanding notes at \$321,000 and capital stock at \$510,000.

to borrow the entire construction cost, such borrowing to be represented by a note repayable in five equal annual installments of $\frac{1}{20000}$, with interest at the rate of 4-1/2% per annum.

It appears that applicant does not have immediate use for the facilities it proposes to erect and that therefore it intends to lease such facilities, except for approximately 1,500 square feet, to Paul A. Mariani, Jr. and Anthony Greich, individually and doing business under the fictitious name and style of Mariani Frozen Foods, for a term of five years at an annual rental of \$3,000. The lease agreement provides that the principal purpose for which said premises are leased is the processing, washing and packing of fruit and that the lessees will offer to applicant for freezing, precooling and storing all products processed for freezing in the leased premises.

The Commission has considered this matter and is 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. Santa Clara Cold Storage & Freezer Co., on and after the effective date hereof and on or before September 30, 1954, may issue a note in the principal amount of not exceeding \$50,000 for the purpose indicated herein, such note to be in, or substantially in, the same form as the note filed in this proceeding as Exhibit A, and may execute and enter into an agreement and lease, in, or

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substantially in, the same form as that filed as Exhibit B.

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 \$50.00.

Dated at San Francisco, California, this 20 day of April, 1954.

Commissionens

