

ORIGINAL

Decision No. 50146

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the matter of the application
of
MERCHANTS REFRIGERATING COMPANY
OF CALIFORNIA, a corporation,
for an order authorizing it to issue
its promissory note maturing more
than twelve months after the date
thereof.

Application
No. 35485

OPINION AND ORDER

In this application the Commission is asked to issue its order authorizing Merchants Refrigerating Company of California to issue a promissory note in the principal amount of \$200,000 and to execute a loan agreement in connection therewith.

Merchants Refrigerating Company of California, a California corporation, is engaged, among other things, in the operation of cold storage and refrigerating facilities in Modesto. It is a wholly owned subsidiary of Merchants Refrigerating Company, a foreign corporation with executive offices in New York City and with refrigerating plants in New York, New Jersey, Missouri and Minnesota. The California company acquired its properties and operations from Modesto Refrigerating Company in 1953. Its depreciated investment in plant and properties as of April 30, 1954, is reported to be \$1,912,332.69.

Applicant advises that increases in the volume of foods being offered to it for storage and for freezing require the construction of new and additional facilities. Its plans include the acquisition of land and the construction thereon of a new building which will provide approximately 446,850 cubic feet of additional cold storage space. The cost of the land, building and necessary equipment is estimated to be \$388,139.

Applicant proposes to finance a portion of the cost of the new facilities through the issue of its promissory note in the principal amount of \$200,000. The remainder of the funds required in connection with the new construction is to be provided from internal sources. The promissory note, together with a loan agreement in connection therewith, is to be issued jointly by applicant and its parent company to American Trust Company. The note is to bear interest at the rate of 4% per annum and is to be repaid in semi-annual installments of \$25,000 each, commencing December 31, 1956. A copy of the proposed promissory note and a copy of the proposed loan agreement are attached to the application as Exhibit A.

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. Merchants Refrigerating Company of California, on or before September 30, 1954, may execute a loan agreement and may issue to American Trust Company a promissory note in the principal amount of not exceeding \$200,000 in, or substantially in, the same form as the loan agreement and note attached to the application as Exhibit A, for the purpose of financing in part the cost of construction of new facilities.

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 \$200.00.

Dated at San Francisco, California, this 18 day of June, 1954.

David E. Mitchell
President
Kenneth Potter
Gene Roggens

Commissioners

