

Decision No. 51217

ORIGINAL

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. 36769

O P I N I O N

Merchants Refrigerating Company of California has filed this application for authorization to issue a promissory note in the principal amount of \$120,000.

Applicant is a California corporation engaged in the operation of a cold storage warehouse at Modesto, Stanislaus County, in which food commodities, consisting principally of fruits, vegetables, meats and meat products, turkeys, poultry, eggs and dairy products, are stored for the public, and in the operation of quick freezing facilities. It acquired its plant and properties during the latter part of 1953 and it has reported its revenues during 1954, the first full year of operation, in the amount of \$1,225,080 and its net profit at \$158,155, after making provision for federal income taxes and after payment of interest.

In the present proceeding applicant reports that its quick freezing facilities are inadequate to take care of demands made upon it for quick freezing service, especially during the harvest seasons commencing in the late spring and running through the summer and

fall, and that it has been compelled on occasion to turn away business. It asserts that last year some of its local customers found it necessary to rearrange or curtail their production programs because of lack of available quick freezing facilities. It estimates that there will be an increased demand for its services this year and accordingly it proposes to install additional facilities, at a cost of \$197,511, which it estimates will increase its capacity by 75 tons daily. It has filed a detailed statement showing expenditures making up the estimated total.

It appears that applicant has found it necessary to borrow a portion of its capital requirements and that it has made arrangements to obtain \$120,000 from American Trust Company, the amount to be represented by an unsecured note payable in equal successive annual installments of \$40,000 on the last day of June of each year commencing June 30, 1957, with interest on the unpaid balances at the rate of 4% per annum.

On the basis of the verified application it appears that applicant will have need for the additional facilities in the conduct of its business. Accordingly, we will enter an order granting its 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. Merchants Refrigerating Company of California may issue a promissory note on or before June 30, 1955, in the principal amount of not exceeding \$120,000 for the purpose set forth in this application, which note shall be issued pursuant to the terms of a loan agreement with American Trust Company, filed in this proceeding as Exhibit B, which loan agreement applicant may execute.

2. Applicant 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 applicant has paid the fee prescribed by Section 1904(b) of the Public Utilities Code, which fee is \$120.

Dated at Los Angeles, California, this 21st day of March, 1955.

[Signature]
President

[Signature]
[Signature]

[Signature]

Commissioners

