

ORIGINAL

Decision No. 514S3

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of)
TURLOCK REFRIGERATING COMPANY)
a corporation, for authority to)
execute evidences of indebtedness.)
-----)

Application
No. 36939

O P I N I O N

Turlock Refrigerating Company has filed this application for authorization to issue notes in the aggregate principal amount of \$240,000 and to execute a deed of trust and a mortgage of chattels.

Applicant was organized in 1953 and is engaged in the operation of a cold storage plant at Turlock. Under authorization granted by the Commission it has issued and sold \$300,000 of common stock and \$150,000 of notes, for the purpose of financing the cost of facilities, and it now reports that it finds it necessary to engage in further financing in order to construct additional facilities to meet the requirements of its customers. The new facilities will include a building, adjacent to its present structure, consisting of one large storage room of approximately 12,000 square feet, together with loading area, insulation, electric wiring and engine and storage room equipment.

The estimated cost of the new facilities is \$128,000. Applicant desires to finance the entire cost with borrowed money and accordingly proposes to enter into a loan agreement with Bank

of America National Trust and Savings Association whereby it will borrow the sum of \$240,000 to refinance the initial note, which has been reduced to \$112,000, and to take care of the additional expenditures. The proposed borrowing will be represented by two notes, one in the principal amount of \$170,000 secured by a deed of trust, and the other in the principal amount of \$70,000 secured by a mortgage of chattels, both notes to bear interest at the rate of 5% per annum and to be repayable in monthly installments commencing July 1, 1955, and continuing thereafter until July 1, 1962, in the case of the larger note and to July 1, 1960, in the case of the smaller note. The monthly payments will aggregate \$3,724.

Financial statements filed with the Commission show that applicant's operations have been successful. For the year ended October 31, 1954, it reported operating revenues of \$175,629 and net profit of \$29,508, after payment of taxes, depreciation and interest on long-term debt. Its financial position as of February 28, 1955, is indicated in the following condensed balance sheet:

| <u>Assets</u> | | |
|--------------------------------|---------------|------------------|
| Tangible assets, less reserve | | \$443,429 |
| Intangible assets | | 3,956 |
| Current assets - | | |
| Cash | \$ 42,807 | |
| Accounts receivable | 18,323 | |
| Prepayments | <u>3,305</u> | |
| Total current assets | | <u>64,435</u> |
| | Total | <u>\$511,820</u> |
| <u>Liabilities and Capital</u> | | |
| Notes to Bank of America | | \$115,791 |
| Other long-term notes | | 25,025 |
| Current liabilities | | 28,161 |
| Equity capital - | | |
| Common stock | \$291,900 | |
| Surplus | <u>50,943</u> | |
| Total equity capital | | <u>342,843</u> |
| | Total | <u>\$511,820</u> |

From a review of this application it appears that applicant will have need for additional borrowings to finance its capital requirements and that its assets and earnings are ample to warrant an order approving its request.

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 notes 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. Turlock Refrigerating Company, on or after the effective date hereof and on or before October 31, 1955, may execute a deed of trust and a mortgage of chattels in, or substantially in, the same form as those filed in this proceeding, and may issue promissory notes in the aggregate principal amount of \$240,000 for the purposes set forth in this application.

2. Turlock Refrigerating 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 applicant has paid the fee prescribed by Section 1904(b) of the Public Utilities Code, which fee is \$128.

Dated at San Francisco, California, this 24th day of May, 1955.

John E. ...
 President

Justin D. ...
 Commissioner

...
 Commissioner

...
 Commissioner

Commissioners

