

ORIGINAL

Decision No. 51536

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of U. S. GROWERS & SHIPPERS)	
SERVICE, INC. for permission to encumber	:	
its real property necessary or useful in)	Application
the performance of its duties to the	:	No. 36974
Public; issuing a note for \$200,000.00,)	
and trust deed and chattel mortgage secur-	:	
ing the same.)	
-----	:	

OPINION AND ORDER

U. S. Growers & Shippers Service, Inc. has filed this application for authorization to execute a deed of trust and a mortgage of chattels and to issue a promissory note in the amount of \$200,000 for the purpose, primarily, of refinancing outstanding indebtedness.

Applicant is a California corporation engaged in the operation of cold storage and quick freezing facilities in Vernon. It opened its initial plant in 1950 and extended its facilities in 1954, its total costs for land, building and equipment being reported at \$660,711 at the close of last year. Financial statements filed with the Commission show that applicant has met its capital requirements in part with borrowed money and that presently it has the following obligations outstanding:

Citizens-National Bank	\$ 33,500
Pacific Mutual Life Insurance Co.	100,800
Commercial Credit Corporation	22,800
Johns Manville Company	26,500
Buttress and McClelland	<u>12,500</u>
Total	<u>\$196,100</u>

The \$100,800 indebtedness in favor of Pacific Mutual Life Insurance Company was issued under authorization granted by Decision No. 49646, dated February 9, 1954. It bears interest at the rate of

5-1/2% per annum and is payable in monthly installments up to October 1, 1965.

Applicant now desires to consolidate the several items of indebtedness into one new note and thereby to reduce its monthly payments. Accordingly, it has made arrangements to borrow \$200,000 from Bank of America National Trust and Savings Association and, in evidence of the amount, to issue its promissory note which will be payable in monthly installments of \$3,000 beginning July 15, 1955, with interest at the rate of 5-1/2% per annum on the monthly decreasing balances. The monthly payments will run for a period of five years, with the expectation that at the expiration of that period a renewal will be obtained on like terms for a similar period with respect to the reduced balance. The balance of the loan proceeds over and above the amounts necessary to liquidate the present indebtedness will be used by applicant to meet loan expenses and construction costs.

The present monthly payments on the items to be liquidated from the new loan are approximately \$7,500, being more than twice the amount which will be required to be paid under the new loan. Applicant asserts that the present payments are at a rate more rapid than its earnings permit. The savings in the monthly installments will enable it to use its current earnings to meet other obligations and to provide working capital.

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 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., on and after the effective date hereof and on or before October 31, 1955, may execute a deed of trust and a mortgage of chattels and may issue its promissory note in the amount of \$200,000 for the purposes set forth in this application, said deed of trust, mortgage of chattels and note to be in, or substantially in, the same form as those filed in this proceeding.

2. U. S. Growers & Shippers Service, Inc. 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 \$100.

Dated at San Francisco, California, this 7th day of June 1955.

[Signature]
President

[Signature]
[Signature]

[Signature]

Commissioners

