

**ORIGINAL**Decision No. 52619

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of  
 PACIFIC COLD STORAGE, INC., a corpora-  
 tion, for an order authorizing the  
 issuance of a promissory note, deed  
 of trust and mortgage of chattels.

Application  
 No. 37656

O P I N I O N

Pacific Cold Storage, Inc., has applied to the Commission for authorization to execute a deed of trust and a mortgage of chattels and to issue a note in the principal amount of \$175,000 in order to obtain funds to liquidate indebtedness and to finance construction costs.

Applicant is a California corporation engaged in operating a cold storage warehouse in Vernon. It reports that its facilities include a one-story reinforced concrete building containing 28,000 square feet, and that it has now decided to expand its operations by the construction of an addition to its present building to consist of 14,000 square feet of storage space containing cooling and freezing equipment for the cold storage of perishable foods and other products. It estimates the total cost of the proposed addition at \$131,100, segregated as follows:

Cost of building contract	\$ 97,500.00
Cost of mechanical equipment	13,500.00
Cost of electrical contract	3,000.00
Cost of paving	5,100.00
Cost of automatic sprinkler system	9,000.00
Cost of engineer's fee	<u>3,000.00</u>
<b>TOTAL COST</b>	<b><u>\$131,100.00</u></b>

It is applicant's intention to pay \$31,100 of the construction costs with its own funds and to borrow the remaining \$100,000 from California Bank. It is indebted at this time to said bank in the amount of \$75,000, representing the unpaid balance of a note authorized by the Commission in 1952, and it proposes to take up said remaining balance and the new borrowing into a new note for \$175,000, such new note to be secured by a deed of trust and a mortgage of chattels and to be payable in quarterly installments of \$8,750, with interest at the rate of 4-3/4% per annum. A copy of the proposed note has been filed in this proceeding as Exhibit B, a copy of the proposed deed of trust as Exhibit C, and a copy of the proposed mortgage of chattels as Exhibit D.

In Exhibit E filed in this proceeding applicant has presented a financial statement showing, among other things, its assets, liabilities and capital as of September 30, 1955, as follows:

Assets

Current assets -		
Cash	\$22,644	
Accounts receivable	21,504	
Prepaid expense	12,619	
Total current assets		\$ 56,767
Tangible assets, less depreciation		495,914
Intangible assets		1,307
		<u>553,988</u>
	Total	

Liabilities & Capital

Current liabilities	\$ 47,315
Long-term debt	87,500
Capital and surplus	419,173
	<u>553,988</u>
	Total

The gross revenues from the operation of the business have been reported at \$221,014 for 1954 and at \$167,139 for the first nine months of 1955, with net income in the calendar year 1954 of \$27,587 and net income for the 1955 period, before provision for

federal income taxes, of \$37,195.

From a review of the proceeding it appears that applicant's operations have been profitable but that it does not have sufficient cash on hand to finance the entire cost of the proposed construction work. Accordingly an order will be entered authorizing it to issue the note as requested by it.

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 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. Pacific Cold Storage, Inc., on and after the effective date hereof and on or before June 30, 1956, may issue a note in the principal amount of \$175,000 for the purposes set forth in this application and may execute a deed of trust and a mortgage of chattels, which note, deed of trust, and mortgage of chattels shall be in, or substantially in, the same form as those filed in this proceeding as Exhibit A, Exhibit B, and Exhibit C.

2. Pacific Cold Storage, Inc., 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 Pacific Cold Storage, Inc., has paid the fee prescribed by Section 1904(b) of the Public Utilities Code, which fee is \$100.

Dated at Los Angeles, California, this 14th day of February, 1956.

[Signature]  
President

[Signature]

[Signature]

[Signature]

[Signature]  
Commissioners

