

ORIGINALDecision No. 52838

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of TURLOCK REFRIGERATING
COMPANY, a corporation, for authority
to execute evidences of indebtedness.

Application
No. 37825
(and Amendment)

O P I N I O N

Turlock Refrigerating Company filed this application on March 9, 1956, for authorization to execute a deed of trust and mortgage of chattels and to issue notes in the principal amount of \$350,000 under and pursuant to the terms of a loan agreement with Bank of America National Trust and Savings Association. On March 17 the company filed an amendment to the application containing a copy of the proposed deed of trust and a copy of the proposed mortgage.

Applicant was organized in 1953 for the purpose of operating a freezing and cold storage business in Turlock. It has constructed and equipped a plant with a reported capacity of 4,500 tons and has operated the same during the years ended October 31st with the following results:

	<u>1954</u>	<u>1955</u>
Operating revenues	\$175,629	\$244,233
Operating expenses and taxes	<u>141,719</u>	<u>188,521</u>
Net operating revenues	33,910	55,712
Interest	<u>4,402</u>	<u>7,938</u>
Net income	<u>\$ 29,508</u>	<u>\$ 47,774</u>

The company's financial position at February 29, 1956, is indicated in the following condensed balance sheet:

Assets

Tangible assets, less reserve		\$539,063
Intangible assets		2,956
Current assets -		
Cash	\$ 73,583	
Accounts receivable	51,170	
Prepayments	<u>6,323</u>	
Total current assets		<u>131,076</u>
	Total	<u>\$673,095</u>

Liabilities and Capital

Notes to Bank of America		\$216,727
Other long-term notes		17,626
Current liabilities		42,874
Equity capital -		
Common stock	\$292,900	
Surplus	<u>102,968</u>	
Total equity capital		<u>395,868</u>
	Total	<u>\$673,095</u>

The outstanding Bank of America notes were issued under authorization granted by Decision No. 51483, dated May 24, 1955, and are payable in monthly installments of \$3,724 with interest at the rate of 5% per annum.

It appears that applicant now desires to expand its operation and that it intends to construct a new cold storage building, adjacent to its existing facilities, which will consist of one large storage room approximately 100'x120' and 18' high, and to construct a processing building which it will lease to Bright Foods, Inc., at an annual rental of 10% of the building and land costs. The total cost of the new facilities, according to Exhibits B & C, will be \$162,600 including the land, structures, insulation and refrigeration.

To finance the construction costs, in part, applicant has entered, or proposes to enter, into a loan agreement with Bank of America National Trust and Savings Association whereby said bank will advance to it the sum of \$350,000, the proceeds to be used to pay the

existing bank loan of approximately \$217,000 and to take care of most of the costs of the new facilities. The new borrowing will be represented by notes providing for interest at the rate of 5% per annum and for aggregate monthly payments of \$3,501 for five years and of \$2,334 thereafter for an additional five years. The payment of the notes will be secured by a deed of trust and by a mortgage of chattels.

From a review of this application it appears that applicant will have need for additional borrowings if it is to proceed with its construction plans and that its assets and earnings should be ample to service the proposed notes. Accordingly we will enter an order approving the application.

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 and after the effective date hereof and on or before September 30, 1956, may execute and enter into a loan agreement with Bank of America National Trust and Savings Association in, or substantially in, the same form as that filed in this proceeding as Exhibit D, may execute a deed of

trust and a mortgage of chattels and may issue notes in the aggregate principal amount of \$350,000, in accordance with the terms of said loan agreement, 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 Turlock Refrigerating Company has paid the fee prescribed by Section 1904(b) of the Public Utilities Code.

Dated at San Francisco, California, this 3rd day of April, 1956.

Richard E. Mitchell
President

Justus F. Casper
Ray L. Intereven
Montgomery D. Saly

Commissioners

