

**ORIGINAL**

Decision No. 54080

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

|                                    |                       |
|------------------------------------|-----------------------|
| In the Matter of the Application ) |                       |
| of BEALL REFRIGERATING COMPANY, :  |                       |
| A California Corporation, for )    |                       |
| Authority to Execute a Note to :   | Application No. 38523 |
| Renew Loan and To Finance )        |                       |
| Addition to Building and To :      |                       |
| Lease Such Building. )             |                       |
| ----- :                            |                       |

O P I N I O N

This is an application for an order authorizing Beall Refrigerating Company, a corporation, to execute a deed of trust and a mortgage of chattels and to issue a note in the principal amount of \$175,000.

Applicant is engaged in the public utility cold storage business in Santa Clara and in related nonutility activities. Its balance sheet as of April 30, 1956, shows its net investment in tangible properties at \$453,585 with sources of funds consisting primarily of \$141,467 of mortgage notes and \$299,323 of common stock equity capital.

It appears that applicant has leased a portion of its properties to Langfield Company, Inc., a distributor of frozen foods, and that it provides the lessee with refrigeration service. The present application shows that Langfield Company, Inc., has need for additional facilities and that applicant proposes to construct and equip an addition to its refrigeration building at an estimated cost of \$50,000 and thereafter to lease the present facilities and the improvements to Langfield Company, Inc., for a term of 15 years, at a total rental of \$198,000, payable \$1,100 monthly, and to provide refrigeration service for the period of the lease for the monthly sum of \$230, subject to adjustments.

Applicant has made arrangements to borrow \$40,000 from The First National Bank of San Jose to finance a portion of the estimated construction costs. As a condition to the making of the loan, the bank has required the unpaid balances of the present mortgage indebtedness, now in the amount of approximately \$135,000, to be consolidated with the new loan and the combined amount to be represented by a new note in the principal amount of \$175,000 payable in quarterly installments of \$5,350, with interest at the rate of 4% per annum, payment to be secured by a deed of trust and a mortgage of chattels.

From a review of the application, it appears that the construction will enable applicant to utilize unoccupied real property it now owns, that the arrangements with Langfield Company, Inc., will increase its revenues and strengthen its earning capacity and that the transaction will not adversely affect applicant's public utility service. Accordingly, we will enter an order approving the application.

#### 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 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, 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. Beall Refrigerating Company, on or after the effective date hereof and on or before March 15, 1957, may execute a deed of trust and a mortgage of chattels in, or substantially in, the same

form as those filed in this proceeding as Exhibits D and E, respectively, and may issue a promiscory note in the principal amount not exceeding \$175,000 for the purposes set forth in this application.

2. Beall Refrigerating Company, a corporation, may execute a lease and refrigeration agreement with Langfield Company, Inc.

3. Beall 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.

4. The authority herein granted will become effective when applicant has paid the fee prescribed by Section 1904(b) of the Public Utilities Code.

Dated at San Francisco, California, this 19<sup>th</sup> day of November, 1956.

*W. E. [Signature]*  
 President

*Paul [Signature]*

*[Signature]*

*R. [Signature]*

*E. [Signature]*  
 Commissioners

