

ORIGINAL

Decision No. 54731

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the matter of the application of

MERCHANTS REFRIGERATING COMPANY OF CALIFORNIA, a corporation,

for an order authorizing it to issue its promissory note maturing more than twelve months after the date thereof.

Application No. 38883

OPINION AND ORDER

In this proceeding Merchants Refrigerating Company of California, a corporation, seeks authorization to execute a loan agreement with American Trust Company and to issue its notes aggregating \$400,000, payable in semi-annual installments of \$45,000 each, with interest at the rate of 5 per cent per annum.

Applicant is engaged in operating a quick freezing and cold storage plant in Modesto. It reports that its volume of business has been increasing, that its present plant facilities have become inadequate and that it has made arrangements to acquire certain land and to construct and equip a building which will provide an additional 560,602 gross cubic feet of cold storage space. The estimated costs of the new properties and facilities, amounting to \$538,935, will be financed by applicant with its treasury funds and through the proposed borrowing.

In financial statements filed as Exhibit A in this proceeding, applicant reports gross revenues for 1955 of \$1,266,367 and for 1956 of \$1,321,081, with net profit of \$155,973 in 1955 and

\$219,142 in 1956, after making provision for depreciation in the amount of approximately \$200,000 in each of the two years. It shows, in its balance sheet, total current assets, as of December 31, 1956, of \$832,210 and current liabilities of \$288,562.

From a review of this matter, it appears that applicant will have need for the proposed additions and that its earnings, on the basis of past results of operations, should be ample to service the proposed notes. We are of the opinion 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, that such purposes are not, in whole or in part, reasonably chargeable to operating expenses or to income, and that the application should be granted by an ex parte order in this proceeding; therefore,

IT IS HEREBY ORDERED as follows:

1. Merchants Refrigerating Company of California may issue to American Trust Company a promissory note in the principal amount of \$400,000, or several promissory notes in the aggregate amount of not exceeding \$400,000, and execute a loan agreement with American Trust Company in, or substantially in, the same form as that filed in this proceeding as Exhibit B. The proceeds from the note, or notes, shall be used for the purposes set forth in the application.

2. Merchants Refrigerating Company of California 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 Merchants Refrigerating Company of California has paid the fee prescribed by Section 1904(b) of the Public Utilities Code, which fee is \$400.

Dated at Los Angeles, California, this 26th day of March, 1957.

[Signature]
President
[Signature]
[Signature]
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Commissioners

PUBLIC UTILITIES COMMISSION
STATE OF CALIFORNIA
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BY [Signature]