

ORIGINAL

Decision No. 57612

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of
MERCHANTS ICE & COLD STORAGE COMPANY,
a corporation, for an order authorizing
the issuance of a promissory note.

Application No. 40587

O P I N I O N

This is an application for an order of the Commission authorizing Merchants Ice & Cold Storage Company to issue a promissory note in the principal amount of \$500,000 for the purpose of refinancing outstanding indebtedness.

Applicant is a California corporation engaged as a public utility warehouseman in the storage of perishable food products in San Francisco. It reports that in 1955 it began reconstruction of a three-story building at the corner of Lombard and Battery Streets which covers 44,277 square feet of area and provides 681,155 cubic feet of storage space. The company reports that the total construction costs amounted to approximately \$432,000, which it financed in part with short-term bank loans at 4-1/2% interest.

The company reports that the present outstanding balance of these loans amounts to \$325,000, and, further, it has an unpaid balance on long-term debt authorized by this Commission in its Decision No. 47853 in the amount of \$175,000.

To refinance this indebtedness, applicant has entered into a loan agreement with the Crocker-Anglo National Bank of

San Francisco to borrow the sum of \$500,000. It proposes to issue a note, pursuant to the terms of the agreement, in evidence of the amount to be thus borrowed, said note to be payable in 11 equal semi-annual installments of \$25,000 each commencing December 31, 1958, with interest at the rate of 4% per annum or the prime commercial rate, whichever is greater, on deferred payments and continuing until June 30, 1964, at which time the balance then unpaid is to be paid in full.

Applicant's financial position as of September 30, 1958, as indicated in Exhibit A filed in this proceeding, shows assets, liabilities and net worth as follows:

<u>Assets</u>		
Current assets -		
Cash	\$ 115,452.62	
Accounts receivable	57,403.66	
Total current assets		\$ 172,856.28
Investments		2,982.19
Property, plant and equipment -		
Land	735,648.16	
Buildings and equipment	4,420,832.08	
Total	5,156,480.24	
Less - accrued depreciation	3,375,504.38	
Net property, plant and equipment		1,780,975.86
Deferred charges		14,276.51
Total		<u>\$1,971,090.84</u>
 <u>Liabilities and Net Worth</u> 		
Current liabilities -		
Note payable to bank	\$ 50,000.00	
Accounts payable	37,378.97	
Total current liabilities		\$ 87,378.97
Long-term debt -		
Note payable to bank - 4-1/2%	125,000.00	
Note payable to bank - 4-1/2% (60 days)	325,000.00	
Total long-term debt		450,000.00
Preferred stock		367,980.00
Common stock		999,575.00
Earned surplus		8,940.38
Paid-in surplus		57,216.49
Total		<u>\$1,971,090.84</u>

Reports of operation on file with the Commission show that during 1956 applicant's operating revenues amounted to \$744,675 and its nonoperating revenues to \$45,521, a total of \$790,196, with a net loss of \$34,340. During 1957, applicant's operating revenues amounted to \$628,543 and its nonoperating revenues to \$125,185, a total of \$753,728, with net income of \$28,913. For the first nine months of 1958, applicant reports total revenues from all sources of \$471,335 of which \$370,315 is stated as operating revenue, and a net loss of \$10,603 after payment of all charges.

A review of the application and of applicant's financial statements indicates that it will have need for the proceeds from the issue of the proposed note to refinance the cost of its improvements. Accordingly, an order will be entered granting 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; 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. Merchants Ice & Cold Storage Company, on and after the effective date hereof and on or before March 31, 1959, may issue a promissory note in the principal amount of not to exceed \$500,000 for the purposes set forth in this application, said note to be in, or substantially in, the same form as that filed in this proceeding and to be issued in accordance with the terms of the loan agreement dated November 4, 1958 with Crocker-Anglo National Bank of San Francisco.

2. Applicant 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 \$325.

Dated at San Francisco, California, this 25th day of November, 1958.

E. J. Fox
President
[Signature]
[Signature]
Theodore J. Jenner
Commissioners

