

**ORIGINAL**Decision No. 60804

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of  
 MERCHANTS REFRIGERATING COMPANY OF  
 CALIFORNIA for an order authorizing  
 execution of promissory note.

Application No. 42639

O P I N I O N

Merchants Refrigerating Company of California filed this application on September 2, 1960, for an order authorizing it to issue a \$145,000 note for the purpose of increasing its working capital. The note will be unsecured and will be payable in equal successive quarterly installments of \$12,000 commencing September 30, 1962, with interest at the rate of 6 per cent per annum on remaining balances.

Applicant is engaged in business as a public utility cold storage warehouseman in Modesto. For the last two years and seven months it has reported its operating revenues and net income as follows:

|  | <u>1958</u> | <u>1959</u> | <u>1960</u><br><u>7 Mos.</u> |
|--|-------------|-------------|------------------------------|
| Operating revenues                     | \$1,283,223 | \$1,348,759 | \$564,812                    |
| Net profit before depreciation charges | 408,037     | 420,847     | 150,643                      |
| Depreciation charges                   | 224,970     | 205,128     | 102,235                      |
| Balance                                | 183,067     | 215,719     | 48,408                       |

The company's financial statement of July 31, 1960, shows that it has financed itself, in part, with long-term borrowings in the amount of \$1,254,313 and with proprietary capital of \$1,376,856. The statement further shows cash on hand at \$97,856 and current liabilities at \$108,655, exclusive of amounts currently payable on long-term notes, and it indicates that the company has found it necessary to invest substantial funds in receivables on cold storage accounts, the outstanding balance as of July 31, 1960, aggregating \$244,321.

From a review of the matter, it appears that the company is conservatively financed and that its assets and earnings should be ample to support and to service its present and proposed indebtedness. We find and conclude that the proposed issue is for a proper purpose; that the money, property or labor to be procured or paid for by such issue is reasonably required for the purpose specified herein; and that such purpose is not, in whole or in part, reasonably chargeable to operating expenses or to income. We will enter our order 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,

IT IS HEREBY ORDERED -

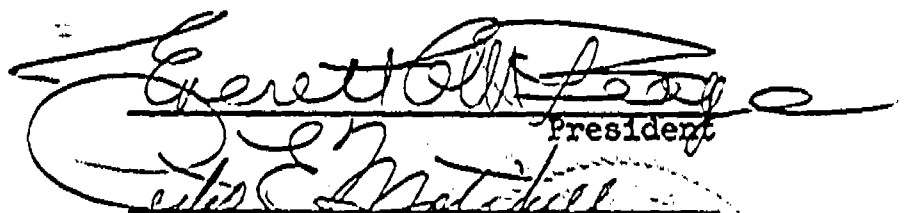
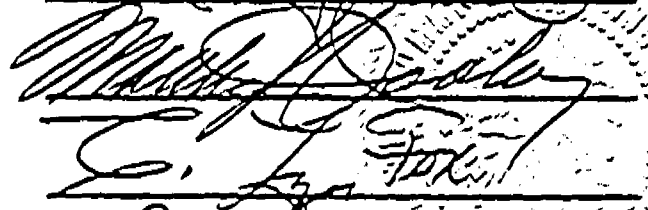

1. That Merchants Refrigerating Company of California may issue a promissory note, on or after the effective date of this order and on or before December 31, 1960, in the principal amount

of not to exceed \$145,000 for the purpose of providing working capital to maintain and improve its service and facilities.

2. That applicant shall file 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. That 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 \$145.

Dated at San Francisco, California,  
this 4th day of OCTOBER, 1960.

  
President  
  
E. J. Fox  
  
Commissioners

