

ORIGINAL

62269

Decision No. _____

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application)	
of MERCHANTS REFRIGERATING COMPANY)	Application No. 43527
OF CALIFORNIA for an order authorizing)	Filed June 22, 1961
execution of evidences of indebtedness.)	
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O P I N I O N

Merchants Refrigerating Company of California has filed this application for authorization to execute a loan agreement and to issue a note to Wells Fargo Bank American Trust Company in the principal amount of \$600,000 and for authorization to issue a note to Salinas Valley Freezers, Inc., in the principal amount of \$90,000.

Information before the Commission shows that Merchants Refrigerating Company of California is engaged in the cold storage warehouse business at Modesto and Santa Clara and in certain nonutility activities; that it has made arrangements to purchase, for \$1,036,000, certain properties at Salinas, which are not being operated as public utility properties and which consist of 17 acres of land, a reinforced concrete single-story cold storage building and machinery and equipment; that it has borrowed \$690,000 to finance a portion of the purchase price; and that it now proposes to refinance its borrowings by the issue of the two notes covered by this application; the \$600,000 note to be payable in equal semi-annual installments of \$30,000 each, with interest at the rate of 6 per cent per annum; and the \$90,000 note to be payable in three annual installments with interest at the rate of 5 per cent per annum.

A review of applicant's financial statements shows that as of March 31, 1961, its long-term debt aggregated \$1,839,980 and its proprietary capital \$2,372,812; that its current assets were reported at \$1,891,598 and its current liabilities \$454,615; and that for the year ended December 31, 1960, its revenues, utility and nonutility, amounted to \$1,436,084 and its gross income to \$103,496, after provision of \$199,585 for depreciation.

We have considered this application and we find and conclude that, on the basis of past recorded results of operation, the earnings and assets should be ample to service and support the proposed borrowings without impairing the ability of the company to meet its public service obligations. We will enter an order granting the application.

The authorization herein granted is not to be construed as a finding of value of the properties referred to herein nor as granting applicant a certificate of public convenience and necessity to operate as a public warehouseman in Salinas.

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 notes herein authorized 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; therefore,

IT IS ORDERED that -

1. Merchants Refrigerating Company of California, on or after the effective date hereof and on or before December 31, 1961, may execute a loan agreement and issue two notes in the aggregate amount of not to exceed \$690,000 in the form and for the purpose specified herein.

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 shall 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 \$690.

Dated at San Francisco, California,
this 18th day of July, 1961.

Cornell W. Ray
President
Robert E. Decker
C. J. Fox
George A. Crover
Fredrick B. Holbrook
Commissioners

