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Decision No. \_\_\_\_\_

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of

NATIONAL ICE AND COLD STORAGE  
COMPANY OF CALIFORNIA

for various orders authorizing  
applicant to execute and deliver  
a promissory note etc.

Application No. 43710  
Filed August 28, 1961

O P I N I O N

This is an application for orders of the Commission authorizing National Ice and Cold Storage Company of California, applicant herein, (1) to issue notes in the aggregate principal amount of \$2,684,312.50, and to execute deeds of trust, mortgages of chattels, and other documents relating to portions of the proposed indebtedness, and (2) to dispose of certain of its plants when they become neither necessary nor useful in the performance of duties to the public.

Applicant is a California corporation engaged in public utility operations as a cold storage warehouseman in the Cities of Riverside, Stockton, Santa Rosa, Marysville, Petaluma, Watsonville, Oakland and Sacramento, and in the City and County of San Francisco. It proposes to purchase from Federal Pacific Electric Company certain real property located along Carroll Avenue between Third and Jennings Streets in San Francisco, to demolish certain improvements now located thereon, and to

construct other and new improvements for cold storage warehouse purposes. The application shows that, upon completion of the construction of said new improvements, applicant will no longer find it necessary or useful in pursuance of its duties to the public to continue to operate its existing plants in the City and County of San Francisco, now located at 55 Division Street and 1150 Sansome Street. Therefore, it seeks authority to sell said plants upon the completion of the cold storage warehouse to be constructed on the property to be acquired.

The purchase price for said real property is \$625,000, plus a real estate sales commission of \$9,312.50 to be evidenced by two unsecured 6% notes in favor of Ritchie & Ritchie in the amount of \$4,656.25 each, payable one year after their date. Applicant proposes to pay \$150,000 of such purchase price upon closing, of which it has already deposited \$10,000. The balance of the purchase price will be represented by a note, or notes, in favor of Federal Pacific Electric Company, in the aggregate principal amount of \$475,000, payable in five annual installments plus interest on unpaid principal at the rate of 6% per annum, with the right to pay the full unpaid balance on account of principal or any portion thereof on or prior to any annual installment date. Payment of the note, or notes, will be secured by a deed of trust on the real property being purchased, which deed of trust will be subordinated to deeds of trust on said property relating to construction and permanent financing.

Applicant has obtained a commitment from Crocker-Anglo National Bank, for a fee of 1/2 of 1%, or \$5,500, to loan the sum of \$1,100,000 of the cost of construction estimated at \$1,512,800 for an office building and cold storage buildings to be located on the property being purchased from Federal Pacific Electric Company. Such proposed borrowing will be represented by a promissory note in favor of Crocker-Anglo National Bank in the principal amount of \$1,100,000 payable 18 months after date with interest payable monthly at the rate of 5-1/2% per annum. Payment of such \$1,100,000 note will be secured by a deed of trust and a mortgage of chattels. In addition, applicant proposes to enter into a construction loan agreement, and an authorization for disbursement of proceeds of loan, with Crocker-Anglo National Bank, both of which it desires authority to execute.

For permanent financing, applicant has obtained a commitment for a loan to be represented by a promissory note dated February 1, 1963, in the principal amount of \$1,100,000 in favor of Massachusetts Mutual Life Insurance Company, which, together with interest at the rate of 6-1/4% per annum, will be payable in 80 quarterly installments of \$24,189 each commencing July 1, 1963, with interest alone to be paid on April 1, 1963. Such note will contain certain prepayment provisions, and payment thereof will be secured by a deed of trust and a mortgage of chattels.

The application shows that the cold storage building which the company proposes to construct will have storage or warehouse floor space of approximately 120,000 square feet, which approximates the 129,944 square feet in its two existing plants in San Francisco which, assertedly, will no longer be necessary or useful in the performance of applicant's duties to the public. Applicant reports that during the past few years its facilities in San Francisco have been inadequate to meet its customer requirements for freezer-storage service, and that it proposes to make the most modern installations that may be available in order to meet the needs of its customers and the growing demand of the community.

From a review of the verified application and the applicant's financial statements, we are of the opinion that its operations should be sufficient to support and to service the proposed borrowings without interfering with its public utility duties. We find and conclude (1) that Section 818 of the Public Utilities Code permits the applicant to issue the two unsecured one-year notes in the principal amount of \$4,656.25 each, without obtaining authorization from the Commission; (2) that applicant should be authorized to abandon and sell its existing plant upon completion of the new plant as set forth in this application; (3) 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 purposes specified herein, and that such purposes are not, in whole or in part, reasonably chargeable to operating

expenses or to income; (4) that the application, insofar as it seeks authority to issue two unsecured one-year notes, should be dismissed for want of jurisdiction; and (5) that in all other respects the application should be granted.

Upon the basis of these findings we will enter an appropriate order.

O R D E R

The Commission having considered this application and being of the opinion that a public hearing is not necessary and that the application should be partially granted and partially dismissed, therefore,

IT IS ORDERED that -

1. National Ice and Cold Storage Company of California, on or after the effective date hereof and on or before June 30, 1963, may issue a note, or notes, in the aggregate principal amount of not to exceed \$475,000 and two notes in the principal amount of not to exceed \$1,100,000 each, and may execute deeds of trust, mortgages of chattels, and related loan documents, in the same, or substantially the same, form as those attached to the application as Exhibits Nos. 3 and 4 and 7 to 16, inclusive, for the purposes set forth in this proceeding.

2. National Ice and Cold Storage Company of California may abandon and sell its plants located at 55 Division Street and 1150 Sansome Street, San Francisco, upon completion and placing in operation of the new plant referred to herein.

3. This application, insofar as it requests authority to issue two unsecured one-year notes in the aggregate principal amount of \$9,312.50, is dismissed for want of jurisdiction.

4. National Ice and Cold Storage 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.

5. This order shall become effective when National Ice and Cold Storage Company of California has paid the fee prescribed by Section 1904(b) of the Public Utilities Code, which fee is \$1,287.50.

Dated at San Francisco, California, this 19th day of September, 1961.

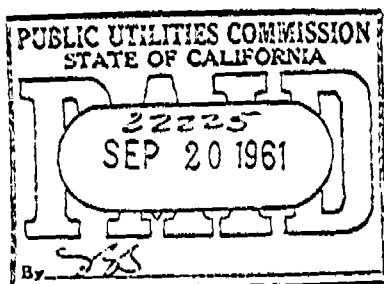
Ewert C. Bagley  
President

George H. Grover

Frederick B. Holbrook

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Commissioners



Peter E. Mitchell  
Commissioners C. Lyn Fox, being necessarily absent, did not participate in the disposition of this proceeding.