

ORIGINAL

Decision No. 74258

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. 50268
Filed May 24, 1968

O P I N I O N

This is an application for an order of the Commission authorizing Merchants Refrigerating Company of California to execute and deliver a Loan Agreement and Guaranty, and to issue a note in the principal amount of \$500,000.

Applicant is a California corporation conducting public utility cold storage warehouseman operations and nonutility activities in or near Modesto, Salinas and Santa Clara. The company's March 31, 1968 balance sheet, attached to the application as part of Exhibit A, shows total assets of \$5,790,764, offset by liabilities and common stock equity in respective amounts of \$977,612 and \$4,813,152. For the year 1967 the corporation reported gross operating revenues of \$2,422,419 and net income amounting to \$302,323.

The company proposes to increase its Modesto cold storage and quick freezing facilities by constructing a building and appurtenances, including engine room equipment, at an estimated cost of \$750,000. The application shows that at the present time 170,469 square feet of floor space are dedicated to public utility storage at the company's Modesto plant. It appears from Exhibit C, attached to the application, that approximately 20,000 additional square feet will become available, and that the resulting total square footage will not exceed the 196,403 square feet authorized by the applicable prescriptive operative right together with the expansion permissible under Section 1051 of the Public Utilities Code.

In addition, applicant plans to construct buildings at Modesto and Salinas, the estimated costs being \$75,000 and \$25,000, respectively, which buildings will be leased to food processors.

For the purpose of obtaining funds to defray part of the cost of its proposed construction the company seeks authority to issue a promissory note in favor of Wells Fargo Bank in the principal amount of \$500,000, repayable in six annual installments of \$72,000 and one of \$68,000 on principal, with interest payable semi-annually at the rate of 1/2 of 1% per annum above the prime commercial loan rate of interest in effect from time to time at such bank. According to the proposed Loan Agreement and Guaranty, a copy of which is attached to the application as Exhibit B,

applicant's parent corporation, Merchants Refrigerating Company, a New York corporation, is designated as guarantor of the proposed note. Applicant will expend its own funds for meeting the balance of the proposed construction costs.

After consideration the Commission finds that: (1) the proposed note is for a proper purpose; (2) the proposed Loan Agreement and Guaranty will not be adverse to the public interest; (3) the money, property or labor to be procured or paid for by the issue of the note herein authorized is reasonably required for the purpose specified herein; (4) such purpose is not, in whole or in part, reasonably chargeable to operating expenses or to income; and (5) the proposed additional floor space is permissible under Section 1051 of the Public Utilities Code without further authorization.

On the basis of the foregoing findings, we conclude that the application should be granted. A public hearing is not necessary. The authority herein granted is for the purpose of this proceeding only and is not to be construed as indicative of amounts to be included in proceedings for the determination of just and reasonable rates.

O R D E R

IT IS ORDERED that:

1. On or after the effective date hereof and on or before September 30, 1968, Merchants Refrigerating Company of

California may execute and deliver a Loan Agreement and Guaranty, and may issue a promissory note in the principal amount of not exceeding \$500,000 for the purpose specified in this proceeding. Said documents shall be in the same form, or in substantially the same form, as those attached to the application.

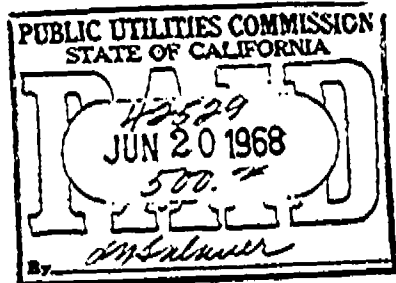
2. Merchants Refrigerating Company of California shall file with the Commission a report, or reports, as required by General Order No. 24-B, which order, insofar as applicable, is hereby made a part of this order.

3. This order 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 \$500.

Dated at San Francisco, California, this 18th day of JUNE, 1968.

[Signature]
President

[Signature]
William Lyness
[Signature]
Commissioners



Commissioner William M. Bennett, being necessarily absent, did not participate in the disposition of this proceeding.