

Decision No. 82446

**ORIGINAL**

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of

PATTERSON FROZEN FOODS  
WAREHOUSE,  
a California corporation,

for authority to execute and  
deliver a guarantee of a  
\$3,150,000 note and a continuing  
guarantee of indebtedness up to  
a maximum of \$7,500,000 including  
said \$3,150,000, and to encumber  
utility property.

Application No. 54584  
(Filed January 17, 1974)

O P I N I O N

Patterson Frozen Foods Warehouse seeks authority to guarantee not exceeding \$7,500,000 of indebtedness and to execute and deliver a Deed of Trust.

Applicant is a California corporation operating as a public utility warehouseman at Patterson. For the fiscal year ended March 31, 1973, it reports operating revenues and net income in the respective amounts of \$786,952 and \$22,455. The application indicates that approximately 95% of the company's total storage space is used for frozen foods processed and packaged by Patterson Frozen Foods, a California corporation, the shareholders of which are the same as those of applicant.

According to the application, Patterson Frozen Foods borrowed \$3,150,000 from Bank of America National Trust and Savings Association for (a) paying \$2,225,600 of the purchase price for approximately 1,712 acres of farm land to provide a

necessary source of raw agricultural products for processing and packaging, and storage in applicant's warehouses, (b) repaying \$340,796.90 owed on a note to First Western Bank and Trust Company, (c) purchasing a previously authorized note and Deed of Trust of applicant for \$511,195.43, and (d) providing \$72,407.67 for closing costs and general corporate purposes. The \$3,150,000 borrowing is represented by a 9% Real Estate Note repayable over a period of 25 years, and secured by a Deed of Trust. Applicant proposes to guarantee said \$3,150,000 note and, as further security, to execute and deliver a Deed of Trust covering its real property.

In addition, applicant proposes to execute and deliver to Bank of America National Trust and Savings Association a Continuing Guaranty for the borrowing by Patterson Frozen Foods of not exceeding \$7,500,000 at any one time outstanding, which amount includes that represented by said \$3,150,000 note. The maximum amount of additional loans at any one time outstanding would be limited by a borrowing base, and would be for working capital prior to realization on inventories and accounts receivable.

According to the application, the utility's only practical source of financing is through the "consolidated enterprise" because of its close dependence on Patterson Frozen Foods for substantially all of its revenues and the proposed transactions would satisfy its financial needs for the foreseeable future.

After consideration the Commission finds that the proposed transactions would not be adverse to the public interest. On the basis of this finding we conclude that the application should be granted. A public hearing is not necessary.

O R D E R

IT IS ORDERED that Patterson Frozen Foods Warehouse may guarantee the Real Estate Note of Patterson Frozen Foods in the principal amount of \$3,150,000, and may execute and deliver a Deed of Trust and a Continuing Guaranty of indebtedness of Patterson Frozen Foods up to a maximum of \$7,500,000 including said \$3,150,000. The documents shall be in substantially the same forms as those attached to the application.

The effective date of this order is the date hereof.

Dated at San Diego, California, this  
5th day of FEBRUARY, 1974.

Vermon L. Spencer  
President  
William J. Spencer  
[Signature]  
[Signature]  
[Signature]  
Commissioners