

Decision No. 13749.

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA.

In the Matter of the Application of)
the LOS ANGELES WAREHOUSE COMPANY, a)
corporation, for an order authorizing)
the issue of a mortgage note and an)
unsecured note.)

Application)
Number)
10120)

ORIGINAL

Merle E. Turner, for Applicant.

BY THE COMMISSION :

O P I N I O N

Los Angeles Warehouse Company, in the above application as amended at the hearing held before Examiner Fankhauser, asks permission to issue \$350,000.00 secured notes payable on or before five years after date of this order and bearing interest at not to exceed 6½ per cent per annum, such notes to be issued to refund outstanding indebtedness.

In its original application applicant also asked permission to issue a \$15,000.00 unsecured note to Fred H. Bixby. The testimony shows that Fred H. Bixby now holds the company's \$15,000.00 demand note issued to refund a 90 day note. The issue of the \$15,000.00 note is authorized by the Commission's General Order Number 44. We are therefore of the opinion that such note is valid and its refunding at this time, so far as the provisions of the Public Utilities Act are concerned, is unnecessary.

The record shows that Los Angeles Warehouse Company has issued notes to the Pacific Mutual Life Insurance Company in the principal sum of \$350,000.00. Inasmuch as such notes are payable at more than one year after date, and their issue not authorized by the Railroad Commission, the notes are void under Section 52 of the Public Utilities Act. The Commission cannot ratify void notes.

It will be necessary for applicant to issue new notes in order to refund the indebtedness payable to the Pacific Mutual Life Insurance Company. These notes may be secured by a mortgage covering all of the company's properties now owned or hereafter acquired. A copy of the mortgage is on file in this proceeding and we find the same to be in satisfactory form. The testimony shows that approximately \$200,000.00 obtained from the Pacific Mutual Life Insurance Company was used to pay for applicant's new building at San Pedro and Commercial Streets, \$55,000.00 for an addition to applicant's warehouse #1, \$49,000.00 for real estate and the balance for equipment.

Los Angeles Warehouse Company has an authorized and outstanding capital stock of \$500,000.00. Its funded debt will consist of the \$350,000.00 notes which it now asks permission to issue. Its operating revenues for 1923 amount to \$237,981.22. Its operating expenses for the same year are reported at \$219,921.87, leaving net operating revenue of \$68,059.35. The net operating revenues of the company during the past four years have been in excess of the interest charges on \$350,000.00 of notes.

ORDER

Los Angeles Warehouse Company, having applied to the Railroad Commission for permission to issue \$350,000.00 of notes, a public hearing having been held and the Railroad Commission being of the opinion that the money, property or labor to be procured or paid for through the issue of such notes is reasonably required by applicant and that the expenditures are not in whole or in part reasonably chargeable to operating expenses or to income, and that this application should be granted as herein provided, therefore

IT IS HEREBY ORDERED, as follows :-

1. Los Angeles Warehouse Company may issue at not less than par on or before October 1, 1924 a note or notes

having a face value of not exceeding \$350,000.00 payable on or before five years after the date of this order and bearing interest at not to exceed 6½ per cent per annum; such note or notes to be issued for the purpose of paying or refunding the indebtedness payable to the Pacific Mutual Life Insurance Company.

2. Los Angeles Warehouse Company may execute a mortgage substantially in the same form as the mortgage filed in this proceeding, to secure the payment of the \$350,000.00 of note or notes provided that the authority herein granted to execute said mortgage is for the purpose of this proceeding only and is granted in so far as the Commission has jurisdiction under the terms of the Public Utilities Act and is not intended as an approval of said mortgage as to such other legal requirements to which said mortgage may be subject.
3. The authority herein granted will become effective when applicant has paid the fee prescribed by Section 57 of the Public Utilities Act, which fee amounts to \$350.00.
4. Los Angeles Warehouse Company shall file with this Commission within 30 days after the issue of the note or notes a copy of the note or notes together with a certified copy of the mortgage securing the payment of such note or notes.
5. The above entitled application, in so far as it relates to the issue of a \$15,000.00 note to Fred E. Bixby,

is hereby dismissed without prejudice.

DATED at San Francisco, California, this 1st day of July, 1924.

C. L. Seaver

H. P. Brundage

Irving Martin

Commissioners.

