

LEM

Decision No. 15749.

**ORIGINAL**

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of the	)	
PASADENA ELECTRIC EXPRESS COMPANY	)	
for an order authorizing the creation	)	
of bonded indebtedness and the issue	)	Application No. 11407
and sale of bonds.	)	

Hugh Gordon, for applicant.

BY THE COMMISSION:

O P I N I O N

In this application Pasadena Electric Express Company asks permission to create a bonded indebtedness and to issue and sell \$80,000.00 of seven percent bonds, due July 1, 1939, for the purpose of paying indebtedness and of financing the cost of improvements and betterments.

Pasadena Electric Express Company was organized during June, 1919, with an authorized capital stock of \$75,000.00, divided into 750 shares of the par value of \$100. each, all common, of which \$35,600.00 is now outstanding. The company has no bonds outstanding at present, but it reports outstanding notes payable and other current liabilities of \$73,728.48.

As of December 31, 1924, its assets and liabilities appear as follows:-

ASSETS:

Property and equipment . . . . .	\$112,810.96
Investment in affiliated companies . . . . .	700.00
Current assets . . . . .	3,313.58
Prepaid expenses . . . . .	282.21
Discount on stock . . . . .	<u>2,062.50</u>
Total assets.....	<u>\$119,169.25</u>

LIABILITIES:

Capital stock . . . . .	\$ 35,600.00
Loans and notes payable . . . . .	71,250.00
Accounts payable . . . . .	11,261.97
Other current liabilities . . . . .	20.13
Reserve for depreciation . . . . .	4,679.92
Corporate surplus-debit balance . . . . .	<u>3,642.77*</u>
Total liabilities.....	<u>\$119,169.25</u>

The \$700.00 reported as investment in affiliated companies represents the entire outstanding stock of Central Warehouse and Storage Company, a corporation operating under lease agreement certain warehouse properties belonging to applicant located at #447 Commercial Street, Los Angeles. These properties consist of a new four story fireproof Class "A" concrete building, 40 x 125 feet in dimension, with 20,000 square feet of floor space, together with other facilities incidental to the business of a warehouseman. The building is located on land, also belonging to applicant, fronting a distance of 100 feet on Commercial Street and extending back to Aliso Street.

The lease between the two companies, which is dated May 1, 1924 and runs for a period of five years, provides for the payment to applicant by the lessor, as rental, of all the net earnings received from the operation of the warehouse, such payments being made monthly. The warehouse business was started about May 1, 1924 and for the first twelve months of operation gross revenues amounted to \$21,478.87 and operating expenses to \$14,246.53, leaving net revenue payable to applicant of \$7,232.34. The warehousing is of a general nature but consists chiefly of the storage of flour.

Applicant reports outstanding a seven percent note due October 11, 1933 for \$48,500.00 in favor of Mortgage Guarantee Company of Los Angeles, secured by a first trust deed on the properties and buildings referred to herein, and a seven percent note due October 11, 1925 for \$14,750.00 in favor of Hammond Lumber Company, secured by a second trust deed on the same properties. These amounts represent the balances due on notes aggregating \$70,000.00 issued under authority granted by Decision No. 12620, dated September 17, 1923, to pay for the properties and the buildings. In addition, the company has outstanding \$7,000.00 of short term seven percent notes in favor of Pasadena National Bank.

The company now desires to pay its outstanding notes, which aggregate \$70,250.00, and to install, at an estimated cost of \$7,750.00, certain improvements in, and additions to, its warehouse equipment, consisting of a conveyor system, elevators, a garage and hand trucks.

To obtain a portion of the moneys necessary to pay its indebtedness and to finance the cost of the improvements and additions, applicant proposes, subject to receiving permission from the Commission, to issue and sell \$80,000.00 of

bonds. These bonds will be secured by a first lien on the Commercial Street property, will be dated July 1, 1925, bear interest at seven percent per annum, mature July 1, 1939, and be callable at 105 on any interest payment date.

The company reports that it has made arrangements to sell its bonds at ninety percent of their face value plus accrued interest, to Southwest Bond Company.

A copy of applicant's proposed mortgage has been filed but the same is not in proper form, in that reference is made therein to a ten year bond, and to sinking fund payments sufficient to redeem the bonds on or before July 1, 1938, though they do not mature until July 1, 1939. Applicant should submit a revised copy of its proposed mortgage to conform with its application.

#### ORDER

PASADENA ELECTRIC EXPRESS COMPANY having applied to the Railroad Commission for an order authorizing the creation of a bonded indebtedness and the issue and sale of bonds, a public hearing having been held before Examiner Williams 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 bonds is reasonably required for the purposes specified herein and that the expenditures for such purposes are not in whole or in part reasonably chargeable to operating expenses or to income,

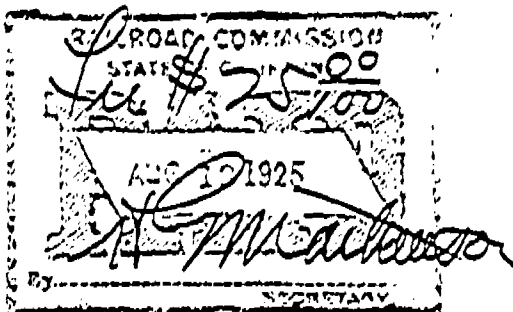
IT IS HEREBY ORDERED that Pasadena Electric Express Company be, and it hereby is, authorized to issue and sell at not less than 90 percent of face value plus accrued inter-

est \$80,000.00 of seven percent bonds due July 1, 1939, for the purpose of paying the outstanding indebtedness and of financing in part the cost of the improvements and additions to which reference has been made in the opinion preceding this order.

The authority herein granted is subject to the following conditions:-

1. Pasadena Electric Express Company shall keep such record of the issue, sale and delivery of the bonds herein authorized and of the disposition of the proceeds as will enable it to file on or before the 25th day of each month a verified report, as required by the Railroad Commission's General Order No. 24, which order in so far as applicable, is made a part of this order.
2. The authority herein granted to issue bonds will not become effective until applicant has paid the minimum fee prescribed by Section 57 of the Public Utilities Act, which fee is \$25.00, nor until it has filed with the Commission in satisfactory form a copy of the mortgage securing the payment of the bonds, and the Commission by supplemental order has authorized the execution of such mortgage.
3. Under the authority herein granted, no bonds may be issued and sold after December 31, 1925.

*August* MADE at San Francisco, California, this 3<sup>rd</sup> day of August 1925.



*H. B. Brundage*  
*George D. Squires*  
*Leon Whitall*  
Commissioners.