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Decision No. 16896.

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of)
SECURITY WAREHOUSE AND COLD STORAGE)
COMPANY, for an order authorizing)
said applicant to execute and issue)
its promissory notes in the aggregate)
sum of \$175,000. and secure the same)
by deed or deeds of trust on its real)
property.)

Application No. 12832

S. G. Tompkins, for applicant

BY THE COMMISSION:

O P I N I O N

In this application as amended at the hearing had before Examiner Fankhauser on May 24th, Security Warehouse and Cold Storage Company asks permission to issue \$175,000. face value of six percent notes payable on or before ten years after date and execute deeds of trust to secure the payment of such notes.

Security Warehouse and Cold Storage Company is engaged in the business of accepting for storage for hire from the public generally, all manner of merchandise and of storing in cold storage fresh fruits and vegetables in the City of San Jose. The company has an authorized stock issue of \$500,000., of which \$330,000. has been issued and is outstanding. The company has no bonded indebtedness. It did, however, execute a deed of trust to secure a loan of \$50,000. from the Bank of Italy and a deed of trust to secure a loan of \$75,000. from the Mercantile Trust Company of California. The deeds of trust are a lien on real property owned by the company.

It is of record that the money obtained from the issue of the notes of California to the Bank of Italy and to the Mercantile Trust Company/has been used to enlarge applicant's storage plant and facilities and also to acquire and construct an ice plant.

The company now proposes to issue notes in the aggregate sum of \$175,000. The proceeds obtained through the issue of such notes will be used to pay the \$125,000. of notes due the Bank of Italy and the Mercantile Trust Company/and to pay in part the cost of acquiring and constructing additional buildings and properties used and usable in the conduct of applicant's business. The properties which applicant intends to acquire or construct are described as follows:-

4-story reinforced concrete warehouse and equipment	\$ 30,000.00
Subdivide floor space in existing building	1,610.00
To erect new office building	14,500.00
To convert present office space into storage space	4,000.00
To re-arrange Room 64 so as to make it available for cold storage	3,982.53
To change Sections 1-2, 2-2 into cold storage sections	<u>19,394.26</u>
Total.....	<u>\$73,486.79</u>

P. O. Patten, General Manager of Security Warehouse and Cold Storage Company, testified that work has been started on several of the improvements and that, in his opinion, the cost of acquiring the properties and the cost of making the improvements will not exceed the total estimated cost of \$73,486.79. Any moneys necessary to pay for the improvements not obtained through the issue of \$175,000. of notes will be taken from the company's earnings.

It is of record that none of the \$125,000. of notes now outstanding were issued in order to pay operating expenses and that all of the money obtained through the issue of such notes was used to acquire or construct additional properties and equipment for applicant's warehouse business.

It is of record that applicant has arranged to obtain a loan of \$75,000. from the Bank of Italy and a loan of \$100,000. from the Mercantile Trust Company of California. These loans will be secured by deeds of trust.

Applicant has filed with the Commission copies of its proposed deeds of trust. Such deeds of trust are in satisfactory form.

O R D E R

Security Warehouse and Cold Storage Company, having applied to the Railroad Commission for permission to issue notes in the aggregate sum of \$175,000., 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 by the issue of such notes is reasonably required by applicant and that the expenditures herein authorized are not in whole or in part reasonably chargeable to operating expenses or to income,

IT IS HEREBY ORDERED as follows:-

1. Security Warehouse and Cold Storage Company may execute deeds of trust substantially in the same form as the deeds of trust filed in this proceeding, provided that the authority herein granted to execute said deeds of trust is for the purpose of this proceeding only and is granted insofar as this Commission has jurisdiction under the terms of the Public Utilities Act and is not intended as an approval of said deed

of trust or deeds of trust as to such other legal requirements to which said deed of trust or deeds of trust may be subject.

2. Security Warehouse and Cold Storage Company may issue at not less than par, notes in the aggregate sum of not exceeding \$175,000., said notes to bear interest at not to exceed six percent per annum and to be payable on or before ten years after date. If the company issues notes for a term of less than ten years, it may renew said notes from time to time, provided that the combined terms of the original notes and any notes issued in renewal thereof shall not exceed ten years from the date of this order.

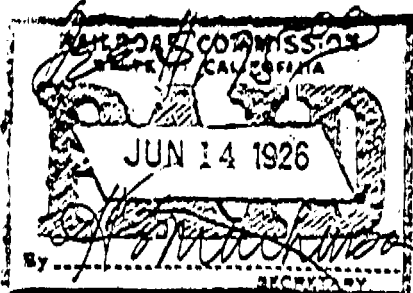
3. The proceeds obtained through the issue of \$175,000. of notes shall be used for the following purposes:-

- a. Pay note to Bank of Italy, \$50,000. of California,
- b. To pay notes to Mercantile Trust Company, \$75,000.
- c. To pay in part for the buildings, improvements and equipment described in this application, \$50,000.

4. The authority herein granted to issue notes will become effective when applicant has paid the fee prescribed in the Public Utilities Act, which fee is \$175.00.

5. Security Warehouse and Cold Storage Company shall keep such record of the issue, sale and delivery of the notes 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 insofar as applicable, is made a part of this order.

DATED at San Francisco, California, this 11th day of June, 1926.



H. H. Brundage
Chairman
Leon Whitell
Secretary

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