

LEM

Decision No. 23879.

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of
 McCLINTOCK STORAGE WAREHOUSE COMPANY
 to sell to Bekins Van & Storage Com-
 pany and of Bekins Van & Storage Com-
 pany to purchase from McClintock
 Storage Warehouse Company certain real
 property and personal property includ-
 ing warehouse and public utility rights,
 also of Bekins Van & Storage Company for
 authority to mortgage, by deed of trust,
 public utility property.

Application No. 17457

ORIGINAL

Ervin S. Best, for applicants.

BY THE COMMISSION:

OPINION

In this proceeding the Railroad Commission is asked to enter its order authorizing McClintock Storage Warehouse Company to sell all its real and personal property referred to in Exhibit "A" attached to the application, to Bekins Van & Storage Company, and authorizing Bekins Van & Storage Company to issue a \$80,000.00 note in part payment for the properties and execute a deed of trust to secure the payment of such note.

The application shows that both McClintock Storage Warehouse Company and Bekins Van & Storage Company are corporations organized and existing under and by virtue of the laws of the State of California. Both are engaged in the public utility warehouse business, the former operating in the City of San Diego and the latter operating in San Francisco, Oakland, Los Angeles, Berkeley, Sacramento, Fresno and Santa Barbara. In each case the public utility operations constitute but a small part of the total business.

The McClintock Storage Warehouse Company reported during 1930 non-utility revenues of \$49,707.37 and utility revenues of \$7,960.96, and Bekins Van & Storage Company reported nonpublic utility revenues of \$1,600,574.31 and utility revenues of \$7,964.27.

It appears that on December 31, 1930 the two corporations entered into an agreement, a copy of which is filed as Exhibit "A" in this application, wherein and whereby McClintock Storage Warehouse Company agreed to sell and deliver to Bekins Van & Storage Company the following described properties:-

Lots Seven(7), Eight (8), Nine (9), Ten (10) in Block Two Hundred Ninety-five (295) of Middletown in the City of San Diego, County of San Diego, State of California;

And also all personal property belonging to the Vendor (except cash and accounts receivable), which said personal property is particularly described and set forth in an Inventory hereto attached, marked Exhibit "A", and made a part hereof, including also all equipment and supplies located on said premises or used in said business, and including the good will thereof.

The improvements consist of a modern warehouse building having a capacity of 67,000 square feet.

Under the terms of the agreement the purchaser will pay for the properties the sum of \$167,500.00 and in addition, the further sum of \$10,000.00 for the accounts receivable, as of December 31, 1930, excepting one account in the amount of \$2,506.34. The \$167,500.00 purchase price is to be paid by the payment of \$107,500.00 in cash and the assumption by the purchaser of a note and deed of trust in the amount of \$80,000.00. This latter item the purchaser, upon acquisition of the properties, proposes to re-finance through the issue of a new note and deed of trust for the same amount to Bank of America National Trust and Savings Association. It will be payable two years after date of issue, with interest at the rate of six percent per annum and will be a lien on the real property to be acquired from

McClintock Storage Warehouse Company and referred to in this opinion.

As of December 31, 1930 McClintock Storage Warehouse Company reports its assets and liabilities as follows:-

<u>A S S E T S</u>	
Warehouse property and equipment	\$132,074.58
Other property	22,180.00
Total	<u>\$154,254.58</u>
Less-reserve for depreciation	36,349.01
Balance	<u>\$117,905.57</u>
Securities owned	4,200.00
Cash	20,915.00
Accounts receivable	12,070.39
Materials and supplies	561.71
TOTAL ASSETS	<u>\$155,652.67</u>

<u>L I A B I L I T I E S</u>	
Capital stock	\$100,000.00
Accounts payable	2,224.87
Other credits	1,523.94
Profit and loss	51,298.86
TOTAL LIABILITIES	<u>\$155,652.67</u>

After acquiring the properties of McClintock Storage Warehouse Company, Bekins Van & Storage Company will lease the public utility properties thus acquired, to Bekins Van Lines, Inc., a wholly owned subsidiary. The matter of the lease is contained in Application No. 17459 and will be covered by the decision in that proceeding.

The Bekins Van & Storage Company does not ask permission to issue securities to finance the entire purchase price. We are asked to authorize it to issue a \$60,000.00 two year note and execute a deed of trust to secure the payment of the note. A copy of the proposed deed of trust is filed in this application as Exhibit "C". We find the same to be in satisfactory form.

O R D E R

Application having been made to the Railroad Commission for an order authorizing the transfer of properties and the execution of a note and deed of trust for \$60,000.00, a public hearing having been held before Examiner Fankhauser, the Railroad Commission being of the opinion that the application should be granted, as herein provided, and that the money, property or labor to be procured or paid for through the issue of the note is reasonably required for the purpose specified herein, which purpose is not in whole or in part reasonably chargeable to operating expense or to income;

IT IS HEREBY ORDERED that McClintock Storage Warehouse Company be, and it hereby is, authorized to sell and transfer on or before September 1, 1931, to Bekins Van & Storage Company all the real and personal property referred to in Exhibit "A" filed in this proceeding, and in the foregoing opinion, and Bekins Van & Storage Company be, and it hereby is, authorized to acquire, on or before September 1, 1931, said property, and to execute a deed of trust substantially in the same form as the deed of trust filed in this application as Exhibit "C", and to issue its promissory note secured by said Deed of Trust in the principal amount of \$60,000.00, payable two years after date of issue with interest at the rate of six percent per annum, to finance in part the cost of acquiring said properties.

IT IS HEREBY FURTHER ORDERED that the authority herein granted is subject to the following conditions:-

1. The consideration which Bekins Van & Storage Company is paying for the aforesaid properties shall not be urged before this Commission as determining the value of said properties for any purpose except the transfer herein authorized.
2. The authority herein granted to execute a deed of trust is for the purpose of this proceeding only and is granted only 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 as to such other legal requirements to which it may be subject.

3. Applicant shall keep such record of the issue of the note herein authorized as will enable it, within thirty(30) days after the issue of said note, to file 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.
4. Within thirty(30) days from the effective date of this order, McClintock Storage Warehouse Company shall cancel its schedule of rates and tariffs now on file with the Railroad Commission.
5. The authority herein granted to sell and transfer properties and issue a \$60,000.00 note will become effective when Bekins Van & Storage Company has paid the fee prescribed by Section 57 of the Public Utilities Act, which fee is Sixty(60) Dollars.

DATED at San Francisco, California, this 10th day of July,

1931.

C. L. Lewis
Leon Anderson
M. J. Ann

Fred G. Stewart
Commissioners.

Fee $\$60 \frac{00}{100}$
RAILROAD COMMISSION
JUL 13 1931
R. M. Anderson
Fee # 23100