

LEM

Decision No. 23881

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of )  
BEKINS VAN & STORAGE COMPANY )  
to lease all of its public utility )  
operative rights to Bekins Van Lines, )  
Inc., and of Bekins Van & Storage )  
Company for authority to issue and ) Application No. 17459  
sell stocks and to issue and distri- )  
bute stock dividends. )

Ervin S. Best, for applicants.

ORIGINAL

BY THE COMMISSION:

O P I N I O N

In the above entitled matter the Railroad Commission is asked to make an order authorizing Bekins Van & Storage Company to lease all of its public utility operative rights and properties to Bekins Van Lines, Inc., and authorizing it to increase its capital stock from 20,000 shares to 40,000 shares of the par value of \$100.00 a share, and to issue 12,410 shares of the aggregate par value of \$1,241,000.00 for the purpose of paying a stock dividend of \$1,191,000.00 and of providing the cost of improvements and betterments of \$50,000.00.

Bekins Van & Storage Company is a corporation owning and operating warehouses for public utility and non-public utility storage at San Francisco, Los Angeles, Beverly Hills, Pasadena, Berkeley and Fresno. By decisions in Applications Nos. 17458 and 17459 it is permitted to acquire warehouse properties at San Diego and Sacramento

from McClintock Storage Warehouse Company and Capital Sacramento Transfer, Van & Storage Company respectively. Bekins Van Lines, Inc., a wholly owned subsidiary of Bekins Van & Storage Company, is a public utility corporation owning and operating auto truck lines for the transportation of freight between various points in the state under authority granted by the Commission in Decision No. 16456, dated April 10, 1926, in Application No. 11108. It has termini at the warehouses owned and operated by Bekins Van & Storage Company.

It appears that the public utility revenues of Bekins Van & Storage Company constitute less than five percent of its total operating revenue. It has concluded to divest itself of its utility business by leasing all its utility warehouse operating rights and properties to its subsidiary, Bekins Van Lines, Inc. It has agreed to lease to said Bekins Van Lines, Inc. all the floor space necessary for the maintenance and operation of a public utility commercial storage business within those certain warehouse buildings owned and controlled by said Bekins Van & Storage Company and located as follows, to-wit:

San Francisco, 13th and Mission Streets,  
San Francisco, 2690 Geary Street,  
Los Angeles, 4th and Alameda Streets.  
Los Angeles, 1335 S. Figueroa Street.  
Los Angeles, 8431 Santa Monica Boulevard.  
Beverly Hills, 215 Cannon Drive.  
Pasadena, 511 S. Fair Oaks Avenue.  
San Diego, Kettner Boulevard at B Street.  
Berkeley, Shattuck Avenue and Ward Street.  
Sacramento, 1200-21st Street.  
Fresno, 301 Van Ness Avenue.

The lease arrangement between the two companies runs for a period of one year and thereafter from year to year unless terminated by either party, and provides that the lessee pay as rental the entire net profits from the operation of the properties.

Applicants recite that the proposed lease arrangement is solely in the interests of simplification and standardization, it being thought that better operating results can be obtained by placing all the utility operations, warehouse and automotive, under one corporation, Bekins Van Lines, Inc., and all the non-public utility business under Bekins Van & Storage Company.

Coming to the requests of Bekins Van & Storage Company to increase its capital stock and to issue stock, it appears that during January, 1930, the company increased its authorized capital stock from \$2,000,000.00 to \$4,000,000.00 and, out of such increased stock, issued \$1,241,000.00 thereof under authority granted by the Commissioner of Corporations to pay a stock dividend of \$1,191,000.00 and to pay for additions, improvements and betterments of \$50,000.00.

Such issues were not authorized by this Commission, although the company at the time was engaged in business as a public utility warehouseman. It is clear, however, that applicant's failure to file an application with this Commission for permission to issue said stock was through inadvertence and with no intent to evade the provisions of the Public Utilities Act. When the necessity of obtaining this Commission's permission to issue said stock was called to the company's attention, it filed this application.

Analysis of the company's financial statements and a consideration of the record herein, indicate that it has had surplus earnings, from its organization in 1923 down to the present, well in excess of \$1,191,000.00 and that such earnings have been invested in its properties and assets. It therefore appears that the Commission can authorize the issue of \$1,191,000.00 of said stock for the purpose of reimbursing applicant's treasury on account of income invested in its properties. Said stock may thereafter be distributed as a stock dividend.

The consent of this Commission to the increase of the authorized stock stated in the company's Articles of Incorporation is not necessary.

ORDER

Application having been made to the Railroad Commission for an order authorizing Bekins Van & Storage Company to lease properties to Bekins Van Lines, Inc., and to issue stock, a public hearing having been held before Examiner Fankhauser and 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 \$1,241,000.00 of stock is reasonably required for the purposes specified herein, which purposes are not, in whole or in part, reasonably chargeable to operating expenses or to income, therefore,

IT IS HEREBY ORDERED that Bekins Van & Storage Company be, and it hereby is, authorized to lease to Bekins Van Lines, Inc., its public utility warehouse operating rights and properties referred to in the foregoing opinion and more particularly described in the lease filed in this proceeding, which lease said applicants are hereby authorized to execute.

IT IS HEREBY FURTHER ORDERED that Bekins Van & Storage Company be, and it hereby is, authorized to issue, on or before December 31, 1931, \$1,241,000.00 of its common capital stock, at not less than par, in lieu of a like amount of stock heretofore issued without an order from the Railroad Commission, and use the proceeds from the issue of \$50,000.00 of said stock to pay for additions, betterments, and improvements to its properties, and use \$1,191,000.00 of said stock to reimburse its treasury on account of income invested in properties,

and distribute the same as a stock dividend.

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

1. Bekins Van & Storage Company forthwith shall cancel all tariffs on file with the Railroad Commission in its name, and Bekins Van Lines, Inc. at the same time shall adopt as its own such tariffs, and the tariffs of McClintock Storage Warehouse Company and Capital Sacramento Transfer, Van and Storage Company.
2. Bekins Van & Storage Company within thirty days after the issue of the stock herein authorized shall file a report, as required by the Railroad Commission's General Order No. 24,
3. Within sixty(60) days from the time it leases its properties, as permitted herein, Bekins Van & Storage Company shall file a financial report covering its operations from January 1, 1931 down to the date it ceases its utility operations, such report to be filed on the regular annual report forms prescribed and provided by the Commission.
4. The authority herein granted will become effective upon the date hereof.

DATED at San Francisco, California, this 10<sup>th</sup> day of July, 1931.

Cl. Sealey  
Leon A. White  
M. J. Lane  
Fred G. Stewart

Commissioners.