

Decision No. 18549

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of)
SECURITY WAREHOUSE AND COLD STORAGE)
COMPANY, a corporation, for an order)
authorizing the issue of \$165,000.00) Application No . 18549
par value of common capital stock.)

BY THE COMMISSION:

ORIGINAL

O P I N I O N

Security Warehouse and Cold Storage Company has applied to the Railroad Commission for an order authorizing it to issue \$165,000.00 of common stock to reimburse its treasury because of income invested in its properties and to pay a stock dividend.

It appears that Security Warehouse and Cold Storage Company is engaged as a public utility in operating a cold and dry storage warehouse business, among other things, in the Cities of San Jose and Santa Clara. Its annual reports to the Commission show that its properties include a four story reinforced concrete building for its dry storage operations, with an area of 16,944 square feet and a capacity of 182,000 cubic feet, and two cold storage plants; one, of two to four stories with concrete walls and floor, having an area of 70,000 square feet and a capacity of 700,000 cubic feet; and the other of one and two stories, with an area of 480,000 cubic feet.

In making this application the company reports in its Exhibit "A" that as of November 1, 1932 it has invested \$718,997.09 in land and buildings, \$490,682.86 in equipment and \$14,701.19 in

furniture and fixtures, a total investment of \$1,224,381.14. It reports its assets and liabilities as follows:

<u>A S S E T S</u>	
Plant and equipment	\$1,224,381.14
Investments	11,816.67
<u>Current assets:</u>	
Cash	\$91,998.92
Accounts receivable-net	113,540.22
Special deposits	298.50
Inventories	<u>5,785.00</u>
Deferred charges	211,622.64
	<u>3,483.09</u>
Total assets.....	<u>\$1,451,303.54</u>

<u>L I A B I L I T I E S</u>	
Capital stock	\$ 330,000.00
Mortgage payable	130,000.00
<u>Current liabilities:</u>	
Accounts payable	\$ 4,152.90
Accruals	12,564.00
Deferred salaries	<u>1,250.00</u>
Reserves:	
Depreciation	\$425,341.49
Other	<u>27,643.68</u>
Surplus	452,985.17
Profit and loss-Balance 1932.....	416,656.78
	<u>103,694.69</u>
Total liabilities....	<u>\$1,451,303.54</u>

Applicant was organized during 1919. Its financial reports on file with the Commission show that in commencing its business it issued, at the outset, \$250,000.00 of stock under authority granted by the Commission by Decision No. 6944, dated December 17, 1919, and set up its properties on its books at \$250,000.00. It appears that since that time its expenditures for plant and equipment have aggregated \$974,381.14; for other investments \$11,816.67; and for current and deferred assets \$215,105.73; a total of \$1,201,303.54, which expenditures, analysis of its reports show, have been provided through the issue of an additional

\$80,000.00 of stock and \$160,000.00 of mortgage notes, and the investment of moneys representing its depreciation and other reserves and its surplus earnings, the latter item as of November 1, 1932 aggregating \$520,351.47.

A review of the company's financial statements clearly shows that a substantial portion of its surplus represents profits from the operation of its properties. In view of the fact that the company had surplus earnings in excess of \$165,000.00, the amount of the proposed stock issue, and that such earnings have been invested in properties and assets, the Commission may properly at this time authorize applicant to issue the additional \$165,000.00 of stock to reimburse its treasury and to finance in part the cost of such properties and assets. After reimbursement applicant may, if it so desires, distribute the stock to its present stockholders as a stock dividend.

ORDER

Security Warehouse and Cold Storage Company having applied to the Railroad Commission for authority to issue \$165,000.00 of common stock, and the Commission being of the opinion that this is not a matter in which a public hearing is necessary, and that the money, property or labor to be procured or paid for through the issue of such stock 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, therefore,

IT IS HEREBY ORDERED, that Security Warehouse and Cold Storage Company be, and it hereby is, authorized to issue, at par, on or before February 28, 1933, not exceeding \$165,000.00 of its common capital stock for the purpose of reimbursing its treasury because of

surplus earnings heretofore invested in its properties and assets.

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

1. After reimbursing its treasury applicant may distribute the \$165,000.00 of stock, herein authorized to be issued, to its stockholders as a stock dividend.
2. Applicant shall keep such record of the issue of the \$165,000.00 of stock as will enable it to file within thirty (30) days thereafter 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 10th day of December, 1932.

C. L. Leary

W. H. Lee

W. B. Harris

James G. Stewart

Commissioners.