

Decision No. 20759

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of)
BIRCH-SMITH STORAGE COMPANY)
for order authorizing issuance of) Application No. 21831
new \$152,661.85 mortgage loan.)

Clifford A. Rohe, for applicant.

BY THE COMMISSION:

O P I N I O N

This is an application by Birch-Smith Storage Company, a corporation, for an order authorizing it to execute a deed of trust and to issue a promissory note in the principal amount of \$152,661.85 payable on or before seven years after date of issue, without interest, for the purpose of renewing outstanding indebtedness.

Birch-Smith Storage Company, among other things, is engaged in the public utility warehouse business in the City of Los Angeles. In its annual reports to the Commission, however, it indicates that its utility operations constitute a small part of its total operations, its 1937 report, for example, showing utility operating revenues of \$6,474.35 and nonoperating revenues of \$28,998.50. The company reports from all operations a net loss for 1937 of \$20,841.05. For 1938 its net loss should be less, because it will not be required to pay interest on the \$152,661.85 note. The interest on this indebtedness outstanding in 1937 amounted to \$12,418.02. As of December 31, 1937 it reports its assets and liabilities as follows:-

A S S E T S

Property and equipment	\$193,032.31
Investment in securities	1,000.00
Cash	(760.71)
Notes receivable	2,850.00
Accounts receivable	36,197.88
Materials and supplies	190.88
Prepayments	2,448.24
Miscellaneous	44.92

Total assets \$235,003.52

(Red figure)

LIABILITIES

Capital stock	\$ 75,000.00
Mortgage payable	60,000.00
Other long term debt	152,661.85
Notes payable	2,669.98
Accounts payable	13,757.57
Accrued liabilities	1,551.39
Reserves	2,967.51
Profit and loss balance	<u>(73,604.78)</u>

Total liabilities \$235,003.52

(Red figure)

It appears that to finance the cost of its properties and to obtain working capital, applicant became indebted in the amount of \$152,661.85 represented by a 6% note, issued in 1936, to Birch Securities Company, and by open accounts. The corporation now has made arrangements with Birch Securities Company to fund the indebtedness into one note to be payable on or before seven years after date, without interest, and to be secured by a deed of trust on the following property:-

" LOTS 36, 37 and 38 of the Ringe Tract, as per map recorded in Book 72, page 17 of Miscellaneous Records of said County.

This is a second Trust Deed subject to first Trust Deed dated August 26, 1936, for three years in the amount of \$60,000.00 recorded December 10, 1936, at 8.30 A. M., in Book 14538, Page 347, of Official Records, Los Angeles County, California, C. L. Logan, County Recorder."

The company has filed in this proceeding a copy of the proposed deed of trust which is in satisfactory form. An order authorizing the execution of the instrument and the issue of the note accordingly will be entered.

ORDER

Birch-Smith Storage Company having applied to the Railroad Commission for an order authorizing the execution of a deed of trust and the issue of a note 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 the note is reasonably required by applicant,

IT IS HEREBY ORDERED that Birch-Smith Storage Company be, and it hereby is, authorized to execute a deed of trust in or substantially in the same form as that filed in this proceeding on March 31, 1938, provided that the authority herein given is for the purpose of this proceeding only and is given only insofar as this Commission has jurisdiction under 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.

IT IS HEREBY FURTHER ORDERED that Birch-Smith Storage Company be, and it hereby is, authorized to issue a note in the principal amount of \$152,661.85, payable on or before seven years after date of issue, without interest, for the purpose of paying or refunding outstanding indebtedness of like amount, provided,

1. That the authority herein granted will become effective when applicant has paid the fee prescribed by Section 57 of the Public Utilities Act, which fee is One Hundred and Fifty-three (\$153.00) Dollars; and
2. That within thirty(30) days after the issue of the note herein authorized applicant shall file with the Commission a copy of the note executed and a statement showing the items of indebtedness paid or refunded through its issue.

DATED at San Francisco, California, this 11th day of April, 1938.

William H. ...
John ...
James ...
Harold ...
A. L. ...
Commissioners.