

Decision No. 35804

ORIGINAL

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

IN THE MATTER OF THE APPLICATION

OF

SECURITY WAREHOUSE & COLD STORAGE
COMPANY FOR ORDER AUTHORIZING ISSUE
OF NOTES FOR PURPOSE OF CALLING AND
RETIRING \$48,200.00 PAR VALUE PREFERRED
STOCK AT CALL PRICE OF \$49,405.00

Application No. 25251

BY THE COMMISSION:

O P I N I O N

In this proceeding, Security Warehouse & Cold Storage Company asks permission to issue 4% unsecured notes in the aggregate face amount of \$49,405 for the purpose of redeeming its outstanding 5% cumulative preferred stock of the total par value of \$48,200.

Security Warehouse & Cold Storage Company, hereinafter sometimes referred to as applicant, is engaged in the warehouse and ice business in the Cities of San Jose and Santa Clara and vicinity.

As of July 31, 1942, applicant reports its assets and liabilities as follows:

<u>Assets</u>		
Tangible Fixed Assets - Depreciated		\$ 847,405.34
Land, buildings and equipment	\$1,646,266.61	
Less Reserve for Depreciation	<u>798,861.27</u>	
Investments		21,772.80
Current Assets		187,229.93
Cash	\$ 104,583.27	
Accounts Receivable less reserve	56,953.86	
Unbilled freight	26.00	
Notes Receivable	14,300.00	
Special Deposits	265.50	
Inventories	9,252.08	
Accts. Receivable from subsidiary	<u>1,844.22</u>	
Deferred Charges		15,744.15
Office Supplies	\$ 2,374.21	
Prepaid Insurance	<u>13,369.94</u>	
Total Assets		<u>\$1,072,152.22</u>

<u>Liabilities</u>		
Common Stock		\$ 700,000.00
Preferred Stock		48,200.00
Current and Accrued Liabilities		28,965.47
Accounts Payable and		
Accrued Liabilities	\$ 3,998.71	
Taxes Accrued, not due	22,866.76	
Deferred Liabilities	<u>2,100.00</u>	
Deferred Credits		4,482.54
Unearned season storage	3,898.85	
Other deferred credits	<u>583.69</u>	
Reserve for Uninsured Hazards		35,377.68
Capital and Paid-in Surplus		15,000.00
Earned Surplus		<u>239,626.53</u>
Total Liabilities		<u>\$1,072,152.22</u>

As stated, applicant has outstanding \$48,200 par value of 5% cumulative preferred stock. This stock was issued in 1938 to pay part of the cost of improvements then made to applicant's properties. Its Articles of Incorporation provide that applicant, at the option of its Board of Directors, at any time after December 31, 1940, may redeem the whole or, from time

to time, any part of its outstanding preferred stock upon the payment of \$20.50 per share, plus an amount in cash equal to all unpaid and accumulated dividends. It is of record that applicant has regularly paid dividends on its outstanding preferred stock.

For the purpose of redeeming said preferred stock, applicant has made arrangements to borrow from the American Trust Company, \$49,405. The loan will be represented by three unsecured notes bearing interest at the rate of 4% per annum, payable quarterly. The three notes will be dated October 1, 1942. One note for the principal sum of \$17,405 will mature on or before December 31, 1943; one note for the principal sum of \$16,000 will mature on or before December 31, 1944; and one note for the principal sum of \$16,000 will mature on or before December 31, 1945.

Applicant's officers are of the opinion that the preferred stock should be redeemed as soon as possible because the rights and powers that can be exercised under certain contingencies by the holders thereof are out of proportion to its importance in applicant's capital structure. The redemption of the stock will not adversely affect its operations.

O R D E R

The Commission has considered applicant's request and is of the opinion that this is not a matter on which a hearing is necessary; that the money, property or labor to be procured or paid for by the issue of the notes herein authorized is

reasonably required by applicant for the purpose of redeeming its outstanding preferred stock, and that this application should be granted subject to the provisions of this order, therefore,

IT IS HEREBY ORDERED as follows:

1. Security Warehouse & Cold Storage Company may, on or before December 31, 1942, issue notes in the aggregate face amount of \$49,405, said notes to bear interest at not to exceed 4% per annum, payable quarterly; one note in the amount of \$17,405, to be due and payable on or before December 31, 1943; one note in the amount of \$16,000, to be due and payable on or before December 31, 1944; and one note in the amount of \$16,000, to be due and payable on or before December 31, 1945, provided, applicant use the proceeds realized through the issue of said notes to redeem its outstanding preferred stock.

2. The authority herein granted will become effective when Security Warehouse & Cold Storage Company has paid the fee prescribed by Section 57 of the Public Utilities Act, which fee is Fifty (\$50.00) Dollars.

3. Security Warehouse & Cold Storage Company shall file with the Railroad Commission such reports as are required by the Commission's General Order No. 24-A, which order insofar as applicable is made a part of this order.

Dated at San Francisco, California, this 29th day
of September, 1942.

Justin J. Cannon

H. H. Barkley

Francis R. Havener

Richard L. Lewis

Commissioners.

ROAD COMMISSION
STATE OF CALIFORNIA
Per 2787-62-00
SEP 29 1942
R. M. [Signature]