

Decision No. 37801

405

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

ORIGINAL

In the Matter of the Application of
SOUTH END WAREHOUSE COMPANY, for
Authority to Purchase Real Property;
to Borrow Money and to Execute its
Promissory Note and Deed of Trust.

Application
No. 26631

BY THE COMMISSION:

O P I N I O N

South End Warehouse Company, a corporation, has applied to the Railroad Commission for an order authorizing it to execute a deed of trust and to issue a note in the principal amount of \$250,000:

Information on file with the Commission shows that applicant, among other things, is engaged in the public utility warehouse business in San Francisco. As of December 31, 1944, it reports its assets and liabilities as follows:

| <u>Assets</u> | |
|----------------------------------|-----------------------|
| Warehouse property and equipment | \$687,546.44 |
| Other property and investments | 97,165.39 |
| Cash and special deposits | 188,407.75 |
| Accounts receivable | 89,421.95 |
| Materials and supplies | 14,366.15 |
| Other debit accounts | 27,186.54 |
| Total | <u>\$1,104,094.22</u> |

Liabilities

| | |
|----------------------------------|-----------------------|
| Capital stock | \$ 124,400.00 |
| Long term debt | 150,000.00 |
| Current and accrued liabilities | 139,858.97 |
| Reserve for accrued depreciation | 303,770.63 |
| Other Reserves | 3,000.00 |
| Profit and loss balance | 383,064.62 |
| Total | <u>\$1,104,094.22</u> |

The outstanding long-term debt consists of a note, dated September 16, 1937, in favor of Crocker First National Bank of San Francisco, originally issued in the total amount of \$247,500 but since issue reduced to \$150,000, which amount is payable on or before September 16, 1947, with interest at the rate of five per cent per annum. The note was issued under authority granted by the Commission by Decision No. 30191, dated October 4, 1937, for the purpose of paying indebtedness previously incurred by the company in acquiring property.

The company has been conducting its operation, in part, in leased premises known as the Terminal Warehouse located at 660 Third Street, San Francisco, occupying the same for an annual rental of \$16,200. The premises consist of certain real property improved with a four story brick building, 137½ feet by 160 feet in dimensions.

It appears that the owner of the premises, namely the Board of Trustees of Leland Stanford Junior University, desires to dispose of them and accordingly has entered into an agreement to sell them to the applicant for the sum of \$150,000, payable in cash.

The company now proposes to borrow \$250,000 from The Bank of California National Association and use \$100,000 to meet a part of the purchase price of the warehouse properties, and \$150,000 to pay the present outstanding note. The new loan

will be represented by a note bearing interest at the rate of 4% per annum, payable quarterly. The principal of the note is payable in annual installments of not less than \$25,000. The payment of the note will be secured by a deed of trust to be executed on the real property now to be purchased and on other real property now owned by applicant. A copy of the proposed deed of trust, on file in this proceeding as Exhibit "C," appears to be in satisfactory form.

ORDER

South End Warehouse Company having applied to the Railroad Commission for authority to execute a deed of trust and to issue a note, and the Commission having considered this matter and it being of the opinion that this is a matter on which a public hearing is not necessary; that the request of applicant should be granted, as herein provided; that the money, property or labor to be procured or paid for is reasonably required for the purposes specified herein, and that the expenditures for such purposes are not, in whole or in part, reasonably chargeable to operating expenses or to income, therefore,

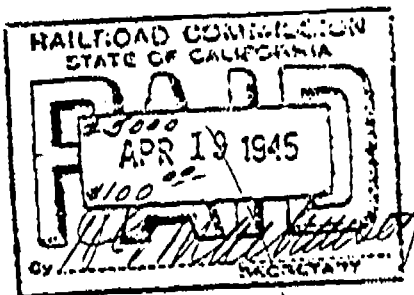
IT IS HEREBY ORDERED that South End Warehouse Company may on or before June 15, 1945, execute a deed of trust substantially in the same form as that filed in this application as Exhibit "C" and issue a note in the principal amount of \$250,000 payable in annual installments of not less than \$25,000 each commencing one year after date of issue, with interest at the rate of four per cent per annum, payable quarterly and use \$150,000 of the proceeds to be received through the issue of

said note to pay the \$150,000 note now outstanding and use the remaining \$100,000 of proceeds to pay in part for the warehouse properties to which reference is made in the opinion preceding this order.

IT IS HEREBY FURTHER ORDERED that South End Warehouse Company shall file with the Railroad Commission within thirty (30) days after the execution of the deed of trust and note under the authority herein granted a copy of each of said instruments as actually executed and a statement showing the purposes for which the proceeds received through the issue of the note were used.

IT IS HEREBY FURTHER ORDERED 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 \$100.

Dated at San Francisco, California, this 17th day of April, 1945.



Harold Anderson
Justice J. C. Cooper
Richard S. ...
Francis ...
James ...
Commissioners