

Decision No. 39241

ORIGINAL

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application
of LYON VAN & STORAGE CO. for order
authorizing applicant to borrow Three
Hundred Sixteen Thousand Dollars

Application No.
27634

O P I N I O N

This is an application by Lyon Van & Storage Co. for an order of the Railroad Commission authorizing it to execute a deed of trust and to issue a note in the principal amount of \$316,000.

Lyon Van & Storage Co. is a corporation engaged in the business of operating warehouses, as a public utility, at several points in the State of California, and also engaged as a highway contract carrier, radial highway common carrier and city carrier. It reports its gross revenues from all sources at \$3,891,599 during 1945 and at \$705,216 during the first three months of 1946, and its net profit, after taxes, at \$77,809 for 1945 and at \$77,828 for the first three months of 1946. Its assets and liabilities as of March 31, 1946 are reported as follows:-

Assets

Warehouse property and equipment	\$ 1,623,555.78
Franchise	5,000.00
Investment in subsidiary companies	643,902.25
Cash and deposits	11,276.32
Notes and accounts receivable	449,771.74
Materials and supplies	45,287.78
Prepayments	12,068.42
Other assets	43,690.11
	<u>43,690.11</u>
Total assets	<u>\$ 2,834,552.40</u>

Liabilities

Capital stock	\$ 653,300.00
Long-term debt	202,643.28
Notes payable	300,000.00
Accounts payable	179,693.45
Accrued interest and taxes	220,829.08
Reserve for accrued depreciation	554,199.22
Other reserves	38,358.20
Surplus	685,029.17
	<u>685,029.17</u>
Total liabilities	<u>\$ 2,834,552.40</u>

The company reports that it has borrowed from Bank of America National Trust & Savings Association as a short-term loan, the sum of \$100,000 in order to make additions to its Long Beach and Santa Barbara warehouses to meet an increased demand for service, and to construct separate concrete buildings, with certain alterations and improvements, at its Hollywood plant in order to provide additional storage space and to relieve fire hazards. In addition, it now proposes to construct, at a cost of \$216,000, a new storage and terminal building on certain real property, now owned by it, located at Fairfax and Jefferson Boulevard in the City of Los Angeles. These new facilities will include a reinforced concrete building, 80 feet

by 200 feet, with a spur track on one side for the handling and loading of cars, and a 12-foot dock on the other side for the loading and unloading of motor vans, together with garage facilities, gas station, storage yard, fencing and paving.

In order to pay the short-term bank loan and to finance the cost of the improvements to its facilities, applicant proposes to borrow \$316,000 from Bank of America National Trust & Savings Association, said sum to be represented by a note payable in monthly installments of \$3,160 with interest at the rate of $4\frac{1}{2}$ percent per annum on deferred balances. The payment of the note will be secured by a deed of trust.

The corporation has filed a copy of the proposed note as Exhibit "D" and a copy of the proposed deed of trust as Exhibit "E". The instruments appear to be in satisfactory form.

O R D E R

Lyon Van & Storage Co. having applied to the Railroad Commission for an order authorizing the execution of a deed of trust and the issue of a note, the Commission having considered the matter and being of the opinion that a public hearing is not necessary, that the requests of applicant should be granted, as herein provided, and that the money, property, or labor to be procured or paid for through the issue of said note is reasonably required by applicant for the purposes specified herein, which purposes are not, in whole or in part, reasonably chargeable to operation expenses or to income, therefore,

IT IS HEREBY ORDERED as follows:-

1. Lyon Van & Storage Co., after the effective date hereof and on or before October 31, 1946, may execute a deed of trust and issue a note in the principal amount of \$316,000, said deed of trust and said note to be in, or substantially in, the same form as the deed of trust and the note filed in this proceeding as Exhibit "E" and Exhibit "D", respectively.

2. Lyon Van & Storage Co. shall use the proceeds to be received through the issue of said note to pay an outstanding short-term bank loan of \$100,000 and to finance the cost of the additions and improvements referred to in the foregoing opinion.

3. Lyon Van & Storage Co. shall file a report, or reports, of the issue of the note herein authorized and of the disposition of the proceeds as required by the Commission's General Order No. 24-A, which order insofar as applicable, is made a part of this order.

4. The authority herein granted will become effective when Lyon Van & Storage Co. has paid the fee prescribed by Section 57 of the Public Utilities Act, which fee is \$316.00.

Dated at San Francisco, California, this 30 day
of July, 1946.

Harold Rudman
Justin J. Cooney
Francis Barr
Joseph J. Sullivan
Harold F. Huls
Commissioners

