Decision No. 41450

ORIGINAL

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application)
of LYON VAN & STORAGE CO., for an :   Application
Order authorizing Applicant to)   No. 29216
Issue Notes totaling $396,390.13. :
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O P I N I O N

In this application, Lyon Van & Storage Co., a corpora-
tion, has applied for authority to execute a deed of trust and to
issue notes in the aggregate amount of $296,390.13,[1] for the
purpose of paying indebtedness and of providing working capital.

The records of the Commission show that Lyon Van &
Storage Co. is engaged in the business of operating warehouses,
as a public utility, at several points in the State of California
and also is engaged in business as a highway contract carrier, a
radial highway common carrier and a city carrier. It reports its
revenues from all sources at $848,154 during 1946 and at $804,429
during 1947, with net income of $220,548 in 1946 and of $134,622
in 1947.

As of December 31, 1947, the company reports current
assets of $690,058.21, current liabilities at $742,888.63 and
net investment in tangible property at $1,276,528.86. Its
balance sheet as of the close of 1947 is reported as follows:

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[1] Although the title of the application refers to the issue of
notes totaling $396,390.13, the request of the company is limited
to notes aggregating $296,390.13.

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Assets

Current assets -
Cash and deposits	$111,272.86	
Accounts receivable	449,545.39	
Materials and supplies	12,832.07	
Other current assets	116,407.89	
Total current assets		$ 690,058.21

Tangible property -
Total	1,971,868.23	
Less-Reserve for depreciation	695,339.37	
Net		1,276,528.86
Intangible property		5,000.00
Other investments and advances		728,086.60
Deferred debits		22,230.57

Total		$2,721,904.24

Liabilities

Current liabilities -
Notes payable	$130,000.00	
Accounts payable	276,461.09	
Accrued liabilities	200,888.91	
Other current liabilities	135,538.63	
Total current liabilities		$ 742,888.63
Advances payable		74,039.78
Long-term obligations		410,897.69
Deferred credits		2,230.00
Capital stock		653,800.00
Surplus		838,048.14

Total		$2,721,904.24

The company's outstanding obligations include certain notes, among others, as follows:

Payees	Date of Issue	Date of Maturity	Rate of Interest	Amount
A. E. Hathaway	Aug. 16, 1945	Feb. 15, 1947	4%	$ 53,067.22
A. E. Hathaway	Jan. 2, 1947	Jan. 1, 1948	4%	1,812.91
			Sub-total	54,880.13
Bank of America	May 20, 1947	Dec. 20, 1947	4%	190,000.00
			Total	$224,880.13

It appears that the $1,812.91 note to A. E. Hathaway and the $190,000 note to Bank of America were issued pursuant to authority granted by the Commission by Decision No. 39241, dated July 30, 1946, as amended, to refund earlier indebtedness.

Applicant now desires to refund these three notes,
which are past due, and to borrow additional sums. A. H.
Hathaway, one of its officers and directors, has agreed to accept
a new note for $54,880.13 in exchange for the two notes now out-
standing in his favor and, in addition, to accept a note for
$13,510 in satisfaction of accrued but unpaid compensation for
the year 1947. Both notes will be payable on or before March 1,
1950, with interest at the rate of 4% per annum. To pay the
$190,000 note to Bank of America and to obtain additional funds,
applicant proposes to issue a new note to Bank of America for
$228,000, said note to be payable in one hundred consecutive
monthly installments of $2,280 each, with interest on deferred
balances at the rate of 4½% per annum. The payment of the note
to the bank will be secured by a deed of trust covering warehouse
properties at Glendale, Long Beach and Beverly Hills.

In making its request to increase its bank loan, appli-
cant reports that it is in need of additional funds to augment
its working capital. It reports, among other things, that at the
present time its income tax returns for the years 1941 to 1944,
inclusive, are in the process of recomputation and that it may be
called upon to pay additional taxes approximating $76,000 and
interest thereon approximating $14,000.

A review of the application and of the company's finan-
cial reports indicates that it has need for additional funds for
the improvement and maintenance of its service. An order
accordingly will be entered in this matter.

O R D E R

Lyon Van & Storage Co. having applied to the Public
Utilities Commission for permission to execute a deed of trust
and to issue three notes in the aggregate amount of $296,390.13,
and the Commission having considered the matter and being of the
opinion that a public hearing is not necessary, that the applica-
tion should be granted, as herein provided, and that the money,
property or labor to be procured or paid for through the issue
of said notes is reasonably required by Lyon Van & Storage Co.
for the purposes indicated herein, therefore,

IT IS HEREBY ORDERED as follows:

1. Lyon Van & Storage Co., after the effective date
hereof and on or before July 31, 1948, may execute a deed of trust
in, or substantially in, the same form as that filed in this pro-
ceeding as Exhibit "3-b", and may issue three notes in the
principal amounts of $54,880.13, $13,510.00 and $228,000.00 in,
or substantially in, the same form as those filed in this pro-
ceeding as Exhibits "2-a", "2-b" and "3-a", respectively, for
the purpose of refunding outstanding indebtedness and of pro-
viding working capital for the improvement and maintenance of
its service, as set forth in the opinion preceding this order.

2. Lyon Van & Storage Co. shall file a report, or
reports, as required by the Commission's General Order No. 24-A,
which order, insofar as applicable, is made a part of this
order.

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3.   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.

Dated at San Francisco, California, this _13<u>th</u>_ day of April, 1948.

R. J. _____

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Harold P. Hule

Kenneth Potter
Commissioners

PUBLIC UTILITIES COMMISSION
STATE OF CALIFORNIA
APR 15 1948