

ORIGINAL

Decision No. 42226

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of	)	
SAN FRANCISCO WAREHOUSE COMPANY for	:	Application
an order authorizing it to borrow	)	No. 29809
money.	:	
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O P I N I O N

In this application, San Francisco Warehouse Company asks permission to issue notes in the face amount of not exceeding \$200,000 and execute a loan agreement, all for the purpose of financing the cost of constructing warehouse properties.

San Francisco Warehouse Company is a corporation engaged, among other things, in the operation of public warehouses in San Francisco. It is, and has been, conducting its operations both in its own premises and in premises leased from others. Its 1947 annual report shows that it operated in the aggregate, 668,198 square feet of floor space and that its warehouse revenues amounted to \$768,582.22 and its nonoperating revenues to \$516,294.26, a total of \$1,284,876.48, with net income for the year of \$91,802.78.

Exhibit "B" to the present application shows assets and liabilities as of September 30, 1948, as follows:

Assets

Cash	\$	38,358.81
Accounts receivable		242,921.41
Special deposits		3,616.21
Inventory		9,943.68
Property and equipment (less provision for depreciation of \$212,980.84)		889,774.97
Prepaid expenses		53,181.43
Goodwill		18,849.49
Securities		7,756.67
Other assets		<u>132.57</u>
Total assets		<u>\$1,264,536.24</u>

Liabilities

Accounts payable	\$	47,700.00
Notes payable		438,000.00
Accrued expenses		94,573.16
Capital stock		40,000.00
Surplus		<u>644,263.08</u>
Total liabilities		<u>\$1,264,536.24</u>

The company now reports that it urgently needs additional warehouse space and that accordingly it has commenced the construction of a warehouse building on real property owned by it for the storage and handling of general commodities. The new warehouse building will be connected with the warehouse already constructed on the property known as 180 Napoleon Street. It will have an area of approximately 50,000 square feet, will have a single story with concrete walls and floor, and will be of modern design throughout. The estimated cost of the building is reported at \$200,000.

To finance said cost the company proposes to borrow funds in accordance with the terms of a loan agreement with American Trust Company and Crocker First National Bank of San Francisco, whereby said banks have agreed to advance to it the aggregate amount of not to exceed \$200,000, said sums to be represented by two notes, one payable to each bank for one-half the amount of each

loan, and each note to be dated as of the date each advance is made, to bear interest at the rate of 3-1/2% per annum and to be payable on or before February 1, 1949. The agreement further provides that on or before February 1, 1949, the company will pay at least \$1,750 on account of the principal to each bank, and may execute and deliver to each bank a new note for the balance of the principal then owing such bank, each new note to bear interest at the rate of 3-1/2% per annum, payable monthly, and to be repayable in installments of not less than \$1,750 each per month commencing on March 1, 1949, and continuing until the entire amount of principal is paid, provided that in any event, all principal and interest remaining unpaid on February 1, 1954, shall then become due and payable. Prepayments may be made on account of the principal without premium or penalty at any time in amounts of not less than \$10,000, and one-half of each prepayment shall be applied by each bank on the next unpaid installment of principal to become due, if the company so specifies in writing at the time of payment; otherwise on the last installment of principal to become due. As security for the repayment of all sums, the company will assign to the banks all rents, income and proceeds which are now or may at any time hereafter become due or owing to the company under the lease dated July 20, 1948, between San Francisco Warehouse Company, as lessor, and Carpenter Paper Company, as lessee, covering all of the six-story concrete building located at Brannan Street and Second Street.

A copy of the loan agreement is on file in this proceeding as Exhibit "A".

O R D E R

The Commission has considered this application and is of the opinion that a hearing thereon is not necessary, that the application should be granted, as herein provided, that the money, property or labor to be procured or paid for through the issue of the notes authorized herein is reasonably required by San Francisco Warehouse Company for the purpose specified herein, and that the expenditures for such purpose are not, in whole or in part, reasonably chargeable to operating expenses or to income; therefore,

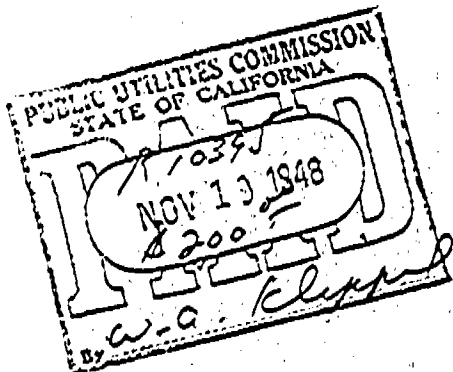
IT IS HEREBY ORDERED as follows:

1. San Francisco Warehouse Company, after the effective date hereof and on or before April 30, 1949, may execute a loan agreement in, or substantially in, the same form as the agreement on file in this proceeding as Exhibit "A".
2. San Francisco Warehouse Company, after the effective date hereof and on or before April 30, 1949, may issue its notes pursuant to the terms of said agreement in the aggregate principal amount of not exceeding \$200,000, and may renew such notes, or the remaining balances thereof, as provided in the agreement.
3. San Francisco Warehouse Company shall use the proceeds to be realized through the issue of the notes herein authorized to finance the cost of the warehouse building referred to in the opinion preceding this order.
4. San Francisco Warehouse Company shall file with the Commission a report, or reports, of the issue of the notes herein

authorized as required by the Commission's General Order No. 24-A, which order, insofar as applicable, is made a part of this order.

5. The authority herein granted will become effective when San Francisco Warehouse Company has paid the fee prescribed by Section 57 of the Public Utilities Act, which fee is two hundred (\$200.00) dollars.

Dated at San Francisco, California, this 16<sup>th</sup> day of November, 1948.



James H. Luce  
Harold P. Kula  
Samuel H. Lott  
Commissioners