

ORIGINAL

Decision No. 45368

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of)
SAN FRANCISCO WAREHOUSE COMPANY, a)
corporation, for an order authorizing)
it to borrow money and encumber public)
utility property.)
-----)

Application
No. 32096

O P I N I O N

San Francisco Warehouse Company has filed this applica-
tion for authority to execute a deed of trust and to issue a note
in the principal amount of \$400,000 for the purpose of paying
indebtedness and of providing additional working capital.

Applicant is a corporation organized under the laws of
the State of California on October 5, 1899. It now is, and for
many years has been, engaged in business in San Francisco as a public
warehouseman of general commodities and also in nonpublic utility
operations. (1) According to its 1949 annual report to the Commis-
sion, it owns and operates some warehouses and leases and operates
others. The report shows total available floor space of 595,698
square feet, of which 508,083 square feet were devoted to public
use.

In Exhibit A applicant reports its assets and liabilities
as follows:

(1)

Applicant has reported its total revenues from all sources at
\$1,158,817.59 during 1949, with net income of \$14,619.27. The pre-
sent application, while not setting forth the gross revenues, shows
net income for the year 1950 at \$31,365.88.

The principal commodities stored include tobacco, candy, gum,
liquors, chemicals, drugs, canned goods, tea, coffee, sugar,
electric goods, stoves and household appliances.

Assets

Current assets -		
Cash	\$ 11,454.14	
Accounts receivable-net	223,737.00	
Inventory	<u>4,842.09</u>	
Total current assets		\$ 240,033.23
Property and equipment (less provision for depreciation of \$315,400.38)		1,081,339.74
Other investments		7,756.67
Unexpired and prepaid expenses		119,218.14
Goodwill		18,849.49
Other debits		<u>355.00</u>
	Total	<u>\$1,467,552.27</u>

Liabilities and Net Worth

Notes payable	\$ 571,500.00
Accounts payable	151,044.64
Accrued liabilities	<u>31,852.20</u>
Total liabilities	754,396.84
Capital stock	40,000.00
Surplus	<u>673,155.43</u>
	Total
	<u>\$1,467,552.27</u>

It appears that the Commission, by Decision No. 41017, dated December 17, 1947, and by Decision No. 42226, dated November 16, 1948, authorized applicant to issue 3% promissory notes to American Trust Company and Crocker First National Bank of San Francisco in the aggregate amount of \$450,000, and 3-1/2% notes in the aggregate amount of \$200,000, for the purpose of financing the cost of real property at 180 Napoleon Street, San Francisco, and the cost of constructing warehouse facilities at that point. The former decisions show that the arrangements made with said banks provided for the repayment of said notes in monthly installments of \$6,500, being at the rate of \$78,000 annually.

Applicant now reports that the principal amount of said indebtedness has been reduced to \$388,500 and that it desires to liquidate the unpaid balances with moneys to be borrowed from The Equitable Life Assurance Society of the United States. It proposes at this time to borrow \$400,000, and to use the proceeds over and

above those necessary to retire its present indebtedness to increase its working capital.

The sum to be thus borrowed will be represented by a note payable in quarterly installments of \$5,000, with interest at the rate of 4% per annum on the unpaid principal. The payment of the note will be secured by a deed of trust covering certain of applicant's real properties. A copy of the proposed note and a copy of the proposed deed of trust have been filed in this proceeding as Exhibit B.

The proposed transaction will result in reducing the applicant's annual cash payments on the principal amount of the indebtedness from \$78,000 to \$20,000 and will improve its financial position. Accordingly, an order will be entered.

ORDER

The Commission having considered the above entitled matter, and being of the opinion that a public 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 note herein authorized is reasonably required by applicant for the purposes specified herein; and that such purposes 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 August 31, 1951, may issue a note in the principal amount of \$400,000, for the purposes set forth in

this application, and may execute a deed of trust, which note and deed of trust shall be in, or substantially in, the same form as those filed in this proceeding as Exhibit B.

2. Applicant shall file with the Commission a report, or reports, as required by General Order No. 24-A, which order, insofar as applicable, is made a part of this order.

3. The authority herein granted will become effective when applicant has paid the minimum fee prescribed by Section 57 of the Public Utilities Act, which fee is twenty-five (\$25.00) dollars.

Dated at San Francisco, California, this 20th day of February, 1951.

R. J. Davidson
Justus J. Cullen
Harold A. Hule
Peter E. Marshall

Commissioners

