

ORIGINAL

Decision No. 46458

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application)	
of LYON VAN & STORAGE CO., for an	:	
Order Authorizing Applicant to)	Application
Issue a Note for \$175,000.00.	:	No. 32898
-----)	

O P I N I O N

This is an application for an order of the Commission authorizing Lyon Van & Storage Co. to execute a deed, or deeds, of trust and to issue its note in the principal amount of \$175,000 for the purpose of paying indebtedness and of providing working capital.

Applicant is a California corporation engaged as a warehouseman in Hollywood, Long Beach, Pasadena, Santa Barbara, Glendale, San Francisco, Beverly Hills, Sacramento, Los Angeles, San Diego and Fresno, and as a highway contract carrier, a radial carrier and a city carrier. Its financial reports to the Commission show that its public utility warehouse business constitutes but a small part of its total operations. For the year 1949 it reported warehouse revenues of \$136,718 and other revenues of \$3,017,367, a total of \$3,154,085. For the year 1950 it reported warehouse revenues of \$169,818 and other revenues of \$3,351,412, a total of \$3,521,230. It reported its net income at \$168,010 in 1949 and at \$233,290 in 1950.

Applicant has financed its requirements in part through the issue of common stock and equipment obligations and in part with earnings from operations and current liabilities. Its financial position as of June 30, 1951, is indicated in the following balance sheet:

Assets

Current assets -		
Cash and deposits	\$ 121,462.25	
Accounts receivable	838,918.70	
Notes receivable	47,500.00	
Material and supplies	27,257.34	
Inventories	186,132.59	
Prepayments	<u>45,576.65</u>	
Total current assets		\$1,266,847.53
Tangible property -		
Total amount	2,167,454.60	
Less-depreciation reserve	<u>891,462.04</u>	
Net tangible property		1,275,992.56
Intangible property		5,000.00
Investment in subsidiary companies		<u>711,040.23</u>
	Total	<u>\$3,258,880.32</u>

Liabilities

Equipment and long-term obligations		\$ 561,812.27
Current liabilities -		
Notes and accounts payable	\$ 428,022.03	
Accrued taxes	136,242.48	
Other items	<u>149,547.78</u>	
Total current liabilities		713,812.29
Deferred credits		800.00
Capital stock		653,800.00
Surplus		<u>1,328,655.76</u>
	Total	<u>\$3,258,880.32</u>

Applicant reports that it has need for additional sums for working capital because of the increased volume of its business, particularly in the packing of aircraft and aircraft parts which has required an additional inventory of packing materials and supplies. Its financial reports show its current assets and liabilities as of the dates indicated, as follows:

	<u>Current Assets</u>	<u>Current Liabilities</u>
December 31, 1949	\$ 727,563.57	\$491,655.46
December 31, 1950	1,027,295.31	766,651.15
June 30, 1951	1,266,847.53	713,812.29

It appears that during 1951 applicant borrowed the sum of \$75,000 from Bank of America National Trust and Savings Association on a short-term note in order to provide working capital. It now

desires to increase its capital by the sum of \$100,000, and to borrow from said bank the sum of \$175,000 for this purpose and for the purpose of paying the short-term note now outstanding. The sum to be thus borrowed will be represented by a new note payable in monthly installments of \$2,500, or more, commencing approximately one month after date of issue, with interest at 5% per annum on deferred balances, the entire amount of principal and interest to be due on or before six years after date of issue. The payment of the note will be secured by a deed, or deeds, of trust covering warehouse properties at Santa Barbara and San Francisco.

A review of the application indicates that applicant will have need for additional sums for the purposes indicated. Accordingly, an order will be entered.

O R D E R

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. Lyon Van & Storage Co., after the effective date hereof and on or before February 29, 1952, may execute a deed, or deeds, of trust in substantially the same form as that filed in this proceeding

as Exhibit 2-b, and may issue its promissory note in the principal amount of not exceeding \$175,000 in substantially the same form as that filed in this proceeding as Exhibit 2-a, for the purpose of paying indebtedness and of providing working capital, as outlined in this application.

2. Applicant shall file with the Commission monthly 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 fee prescribed by Section 1904 of the Public Utilities Code, which fee is one hundred seventy-five (\$175.00) dollars.

Dated at Los Angeles California, this 27th day of November, 1951.

R. J. Mudd
President
James J. Cramer
Harold Hills
Marion L. Potter
Wm. E. Hill
Commissioners

