

Decision No. 48657**ORIGINAL**

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of )  
 LAWRENCE WAREHOUSE COMPANY )  
 for authority to mortgage certain )  
 operating property. )

Application  
 No. 34313

O P I N I O N

In this proceeding Lawrence Warehouse Company seeks authorization to issue a note in the principal amount of \$400,000 for the purpose of providing working capital and to execute a mortgage of chattels and deed of trust with an assignment of rents.

Applicant is a California corporation engaged in the public warehouse business in the State of California and in various other states and in operating field warehouses throughout the country. Its financial reports filed with the Commission show that its public utility operations consist of a small part of its total business, the 1952 statement, for example, showing operating revenues of \$349,037.37 and nonoperating revenues of \$16,029,807.06. The recorded investment in warehouse property and equipment is stated at \$7,837.27 at the close of 1952 and in other property at \$350,050.09.

It appears that in conducting its operations applicant has depleted its working cash during 1952. A summary showing the changes in its working capital during the year is indicated in the following tabulations:

	December 31, 1952	December 31, 1951	Increase (Decrease)
<u>Current Assets</u>			
Cash	\$256,011.11	\$ 398,689.18	\$(142,678.07)
Accounts receivable	548,975.98	768,734.53	(219,758.55)
Prepaid expenses and deposits	100,623.52	93,673.73	6,949.79
Total current assets	<u>\$905,610.61</u>	<u>\$1,261,097.44</u>	<u>\$(355,486.83)</u>
<u>Current Liabilities</u>			
Notes payable to bank	\$393,000.00	\$ 255,000.00	\$ 138,000.00
Accounts payable	122,655.74	235,128.45	(112,472.71)
Federal income taxes	131,000.00	155,000.00	( 24,000.00)
Other taxes	257,768.87	222,974.35	34,794.52
Total current liabilities	<u>\$904,424.61</u>	<u>\$ 868,102.80</u>	<u>\$ 36,321.81</u>
Net current assets	<u>\$ 1,186.00</u>	<u>\$ 392,994.64</u>	<u>\$(391,808.64)</u>

The notes of \$393,000 appearing on the December 31, 1952 statement consisted of two  $4\frac{1}{2}\%$  demand notes in favor of Bank of California N. A.

In order to replenish its treasury and to obtain funds to carry on its operations applicant has made arrangements to borrow \$400,000 from The Equitable Life Assurance Society of the United States, said sum to be represented by a note bearing interest at the rate of  $4\frac{1}{2}\%$  per annum and payable in 10 annual installments. It will be secured by a mortgage of chattels and deed of trust with an assignment of rents.

The Commission has given consideration to this matter and is of the opinion that applicant will have need for the additional funds for the purpose indicated, that the money, property or labor to be procured or paid for through the issue of the note is reasonably required for the purpose specified herein, and that such purpose is not, in whole or in part, reasonably chargeable to operating expenses or to income.

Accordingly, an order will be entered granting applicant's request.

O R D E R

The Commission having considered the above entitled matter and being of the opinion that a public hearing is not necessary and that applicant's request should be granted, as herein provided; therefore,

IT IS HEREBY ORDERED as follows:

1. Lawrence Warehouse Company may issue its promissory note in the principal amount of not exceeding \$400,000 on or before December 31, 1953, for the purpose of providing working capital to improve and maintain its service, and may execute a mortgage of chattels and deed of trust with assignment of rents to secure the payment of the same, which instruments shall be in, or substantially in, the same form as those filed in this proceeding.

2. Lawrence Warehouse Company shall file with the Commission a report 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 Lawrence Warehouse Company has paid the fee prescribed by Section 1904(b) of the Public Utilities Code, which fee is \$400.00.

Dated at San Francisco, California, this 1<sup>st</sup> day of June, 1953.

*[Signature]*  
 President

*[Signature]*  
 Justice J. C. Quinn

*[Signature]*  
 Harold H. Huls

*[Signature]*  
 Kenneth D. Potter

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 Commissioners
