

ORIGINAL

Decision No. 49427

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of:)
LOS ANGELES TRANSPORT & WAREHOUSE CO.)
for authority to issue promissory notes)
pursuant to sections 816-830 and 851-)
853 of the California Public Utilities)
Code.)
-----)

Application
No. 34930

O P I N I O N

Los Angeles Transport & Warehouse Co., applicant herein, is a California corporation engaged in the public utility warehouse business in the City of Vernon. In this application it seeks authorization to execute two deeds of trust and to issue two promissory notes in the aggregate principal amount of \$108,000 for the purpose of financing the cost of properties.

The application shows that applicant is the owner of a parcel of land located at 3155 Leonis Boulevard in Vernon and that on or about March 31, 1952, it entered into a written lease with T. R. Bartels and W. R. Mote, copartners doing business as Republic Transport Company, hereinafter referred to as Republic, under the terms of which it agreed to lease said parcel of land to Republic for a term of 99 years commencing March 31, 1952, and ending March 30, 2051, and Republic agreed, in consideration for the execution of said lease, to construct on said parcel of land a reinforced concrete warehouse and office building and a covered dock, and to sublease said premises back to applicant under the terms of a written sublease agreement for a period of five years commencing June 1, 1952, and ending May 31, 1957, at a rent of \$1,000 a month up to May 31, 1953, and of \$1,500

a month thereafter, with an option being granted applicant to extend the lease for an additional five-year term. It is reported that pursuant to these arrangements the building was constructed and has been occupied by applicant in the conduct of its public utility warehouse business.

It appears that Republic now has agreed to surrender up and cancel the two agreements in consideration of the payment to Republic by applicant of the sum of \$113,000, payment to be made in the amount of \$80,000 in cash and in the amount of \$33,000 through the issue of a 4% note payable in monthly installments of \$500 or more. The note will be secured by a second deed of trust covering the warehouse properties.

In order to provide the down payment required to purchase the property applicant has made arrangements to borrow from Rush C. Hinsdale Company the sum of \$75,000, to be represented by a promissory note secured by a first deed of trust on the warehouse properties, said note to be payable in installments of \$814.50 a month commencing January 1, 1954, and ending December 1, 1963, including interest at the rate of 5½% per annum on the unpaid balances.

In presenting this matter to the Commission applicant represents that unless it enters into these transactions it will lose the use of its premises on May 31, 1962. It points out that the purchase price of \$113,000 which it has agreed to pay is based upon the actual cost to Republic of the original improvements made by it and is in amount \$67,000 less than the aggregate of the rental payments which applicant has obligated itself to pay under the subleasing arrangements.

At present applicant has outstanding no long-term indebtedness. Its statement of profit and loss for the period from July 1,

1952, to June 30, 1953, shows total revenues of \$233,469 and net profit of \$18,756, after making provision for federal income taxes. It appears that applicant's earnings should be ample to enable it to meet its obligations under the proposed note issue and that the transactions, as proposed, will not interfere with applicant's service to the public and will not be adverse to the public interest. Accordingly, an order will be entered granting its requests.

The action taken herein shall not be construed to be a finding of the value of the properties to which reference is made.

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, that the application should be granted, as herein provided, that the money, property or labor to be procured or paid for by the issue of the notes 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. Los Angeles Transport & Warehouse Co., on and after the effective date hereof and on or before February 28, 1954, in order to finance in part the purchase of the properties referred to in the preceding opinion, may issue a note in the principal amount of \$75,000 and may execute a deed of trust to secure its payment, and may issue a note in the principal amount of not exceeding \$33,000 and may execute a second deed of trust to secure its payment, which

notes and deeds of trust shall be in, or substantially in, the same form as those filed in this proceeding in Exhibit D and Exhibit E.

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 fee prescribed by Section 1904(b) of the Public Utilities Code, which fee is \$108.00.

Dated at San Francisco, California, this 15th day of December, 1953.

[Signature]
President

[Signature]

[Signature]

[Signature]

[Signature]
Commissioners

