

Decision No. 50482

ORIGINAL

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of

LAWRENCE WAREHOUSE COMPANY,
a corporation,

For an order authorizing the issuance of 8,618 shares of Common Stock of no par value, 7,750 of which said shares shall be exchanged for real and personal property, and 868 of said shares to be held for use in conversion of Cumulative 6% Convertible Preferred stock. (Section 817, Public Utilities Code.)

Application
No. 35720

O P I N I O N

Lawrence Warehouse Company has filed this application for authorization to issue 7,750 shares of no par common stock in exchange for real and personal property and to issue 868 shares of such common stock to be held in the treasury for exchange for presently outstanding shares of convertible preferred stock.

Applicant is a California corporation engaged in the public warehouse business in California and in various other states, and in operating field warehouses throughout the country and in Alaska, Puerto Rico and Canada. In addition, it operates bonded field warehouses in California and Michigan under permits issued by the Bureau of Internal Revenue. A statement of its reported results of operations during the last three years is as follows:

	<u>1952</u>	<u>1953</u>	<u>Jan.-June 1954</u>
Utility operations			
Operating revenues	\$ 349,037	\$ 342,854	\$ 175,787
Operating expenses	<u>404,994</u>	<u>349,822</u>	<u>151,989</u>
Net	<u>(55,957)</u>	<u>(6,968)</u>	<u>23,798</u>
Non-utility operations			
Reserves	16,029,807	17,312,829	8,632,211
Expenses	<u>15,152,454</u>	<u>17,171,067</u>	<u>8,455,620</u>
Net	<u>877,353</u>	<u>141,762</u>	<u>176,591</u>
Total net revenues	821,396	134,794	200,389
Income deductions	<u>696,611</u>	<u>30,703</u>	<u>105,526</u>
Net income	<u>\$ 124,785</u>	<u>\$ 104,091</u>	<u>\$ 94,863</u>

A summary statement of applicant's financial position, as of June 30, 1954, as reflected by its balance sheet of that date, is as follows:

Assets

Current assets -		
Cash and deposits	\$ 194,140	
Notes and accounts receivable	1,001,074	
Materials and supplies	49,730	
Prepayments	<u>387,035</u>	
Total current assets		\$1,631,979
Property and equipment, less reserves		813,138
Investment in securities		<u>5,000</u>
Total		<u>\$2,450,117</u>

Liabilities and Capital

Current liabilities -		
Notes payable	\$ 560,000	
Accounts payable	262,309	
Accrued liabilities	<u>425,793</u>	
Total current liabilities		\$1,248,102
Other credit accounts		38,670
Preferred stock		328,475
Common stock and surplus		
Common stock	573,520	
Profit and loss balance	<u>261,350</u>	
Total common stock and surplus		<u>834,870</u>
Total		<u>\$2,450,117</u>

The outstanding common stock consists of 30,784 shares of no par value. Dividends of \$3.00 were paid in 1949, \$2.00 in 1950, \$4.00 in 1951, \$2.50 in 1952 and \$4.00 in 1953.

Applicant now proposes to issue 7,750 shares of common stock to Douglas Fir Products Company in exchange for real and

personal property in Linn County, Oregon, having a reported book value, as reflected by the books of the transferor, of approximately \$467,500. While the premises now are being used, and will continue to be used, under lease arrangements, for the manufacture of lumber and lumber products, applicant reports that they can be converted into facilities for the storage of grain at a nominal cost and it estimates that if so converted, they should produce gross storage revenues of approximately \$175,000 annually.

Applicant's outstanding preferred stock consists of 13,139 shares of the par value of \$25.00 each. Such shares carry cumulative dividends at the rate of 6% per annum and are convertible, at the option of the holders, into shares of common stock. Applicant's articles of incorporation have provided for the conversion upon the basis of one share of common stock for two and one-half shares of preferred stock, such conversion rights, however, being subject to change in the event that additional shares of common stock are issued for purposes other than conversion. To meet this requirement in its articles of incorporation, applicant is required to reserve 868 additional common shares for conversion.

An order will be entered granting applicant's request.

ORDER

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 stock 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:

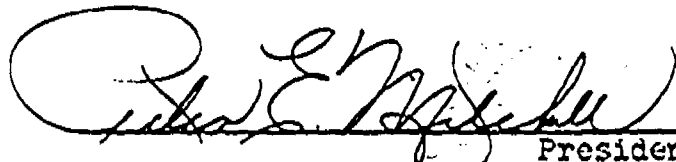
1. Lawrence Warehouse Company may issue not exceeding 7,750 shares of its no par common stock to Douglas Fir Products Company in exchange for the transfer to it of the real and personal property described in this application.

2. Lawrence Warehouse Company may issue not exceeding 868 shares of its no par common stock to be held in its treasury for exchange for cumulative 6% convertible preferred stock on the basis prescribed by applicant's amended articles of incorporation.


3. Within 30 days after the issue of the 7,750 shares of common stock, Lawrence Warehouse Company shall file a statement with the Commission showing the number of shares issued, the date on which issued and the consideration received.

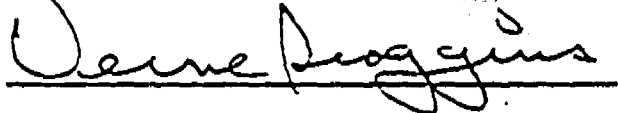
4. The authority herein granted will become effective 20 days after the date hereof.

Dated at San Francisco, California, this 31st day of August, 1954.



President





Commissioners