

Decision No. 51113

ORIGINAL

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application)	
of LYON VAN & STORAGE CO. for an	:	Application
Order Authorizing Applicant to)	No. 36689
Issue a Note for \$500,000.	:	
-----)	

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 of trust and to issue a note in the principal amount of \$500,000 for the purpose of paying indebtedness, financing construction costs, and providing working capital.

Applicant is a California corporation operating as a public utility warehouseman in various locations and as a radial highway common carrier, highway contract carrier, city carrier, and household goods 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 1952 it reported warehouse revenues of \$133,541 and other revenues of \$4,272,471, a total of \$4,406,012. For the year 1953 it reported warehouse revenues of \$116,282 and other revenues of \$4,694,468, a total of \$4,810,750.

Applicant has financed its requirements primarily through the issue of common stock and long-term obligations and with earnings from operations and current liabilities. Its financial position as of September 30, 1954, is indicated in the following balance sheet:

Assets

Current assets -		
Cash and deposits	\$ 155,091	
Accounts receivable	842,613	
Prepayments	45,534	
Materials and supplies	<u>192,856</u>	
Total current assets		\$1,236,094
Tangible property, less depreciation		1,373,511
Intangible property		5,000
Other investments		<u>719,025</u>
	Total	<u>\$3,333,630</u>

Liabilities and Net Worth

Current liabilities		\$ 621,781
Long-term and equipment obligations		344,933
Deferred credits		37,750
Net worth -		
Capital stock	\$ 653,800	
Surplus	<u>1,675,366</u>	
Total net worth		<u>2,329,166</u>
	Total	<u>\$3,333,630</u>

Under authority granted by Decision No. 46458, dated November 27, 1951, in Application No. 32898, applicant issued a note in the principal amount of \$175,000 to Bank of America National Trust and Savings Association. It now reports that the unpaid principal on such note as of January 20, 1955, is \$82,500 and that it desires to pay the amount with a portion of the proceeds to be derived from the \$500,000 note which it presently is seeking authority to issue. It proposes to use the remaining proceeds for (1) construction of a warehouse building at Belmont, containing approximately 36,260 square feet of storage space at a cost of about \$250,000, (2) construction of a warehouse building in San Fernando Valley, containing approximately 21,000 square feet of storage space costing about \$135,000, and (3) for working capital or as a credit against the principal of the loan.

The proposed note will be payable to the order of George Elkins Company in the principal sum of \$500,000, with interest at

the rate of 5% per annum, payable monthly until June 1, 1955, at which time both principal and interest will be payable in monthly installments of \$4,625 on the first day of each month to and including April 1, 1967, with any unpaid balance becoming due May 1, 1967. The note will contain certain prepayment privileges and will be secured by a first deed of trust covering warehouse properties located in Fresno County, Los Angeles County, San Francisco City and County, San Mateo County and Santa Barbara County.

Applicant's balance sheet statement shows net investment in tangible properties at \$1,373,511 and outstanding long-term debt of only \$344,933. The statement indicates a favorable current position with current assets, including cash balances of \$155,090, of approximately twice the current liabilities. Its financial statements show net income of \$140,926 in 1952, \$141,980 in 1953, and \$113,166 for the first nine months of 1954. It clearly appears, from a review of the application and of the financial reports, that applicant will have need for additional funds to complete its re-financing and construction program and that its assets and earnings should be ample to service the proposed note issue.

An order will be entered granting the application.

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 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., on and after the effective date hereof and on or before June 30, 1955, may execute a deed 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 \$500,000 in substantially the same form as that filed in this proceeding as Exhibit 2-A, for the purposes specified in this application.

2. Lyon Van & Storage Co. 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(b) of the Public Utilities Code, which fee is \$418.

Dated at San Francisco, California, this 23rd day of February, 1955.

John E. Ditchell

President

Justus F. Casner

Stanley Hooley

Commissioners

