

Decision No. 32552

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application
of
PARTON VAN & STORAGE CO., a California
corporation, TO ISSUE AND SELL NINE
HUNDRED SHARES OF ITS CAPITAL STOCK AND
TO PURCHASE CERTAIN ASSETS FROM SECURITY
WAREHOUSE & COLD STORAGE COMPANY AND FROM
SECURITY STORAGE & MOVING COMPANY AND
SECURITY WAREHOUSE & COLD STORAGE COMPANY
AND SECURITY STORAGE & MOVING COMPANY TO
SELL SAID ASSETS.

ORIGINAL

Application
No. 27160

BY THE COMMISSION:

O P I N I O N

This is an application for an order of the Railroad Commission authorizing Security Storage & Moving Company and Security Warehouse & Cold Storage Company to sell certain assets, and to assign leases, to Parton Van & Storage Co. and authorizing Parton Van & Storage Co. to issue \$90,000 of stock and a \$60,000 note, and to execute a deed of trust.

Security Warehouse & Cold Storage Company is a corporation engaged, among other things, in the operation of cold storage warehouses in San Jose and Santa Clara. In addition, it owns a dry storage warehouse building which it leases to Security Storage & Moving Company, a wholly owned subsidiary corporation.

Security Storage & Moving Company is a corporation organized in 1939 for the purpose of taking over and operating

the public utility dry storage business of Security Warehouse & Cold Storage Company and its general non-utility warehouse and moving business. In addition to the building leased from the cold storage company, it leases a warehouse building from Celestine M. Cassinelli, et al, and one from San Jose Finance Company. It holds permits from the Commission as a radial highway common carrier and a city carrier. Its latest annual report to the Commission shows for the year 1944 that the three warehouse buildings operated had a combined floor space of 42,500 square feet of which 1,000 square feet, located in the premises leased from the cold storage company, were dedicated to public use. The annual report shows revenues for 1944 at \$1,785.57 from the utility operations and at \$121,859.27 from the non-utility, with the total net income after all deductions, at \$7,221.32.

Parton Van & Storage Co., the third applicant herein, is a new corporation organized on or about December 6, 1945, for the purpose of acquiring the physical assets of Security Storage & Moving Company and certain real property and improvements from Security Warehouse & Cold Storage Company, to the end that it might own and operate the business and properties now operated by Security Storage & Moving Company. The properties to be thus acquired and the prices proposed to be paid are shown below:

From Security Storage & Moving Company -

Miscellaneous warehouse equipment	\$	700.00
Furniture and fixtures		540.00
Vans, moving equipment, etc.		8,700.00
Materials and supplies		2,652.00
Office supplies, advertising matter		<u>3,408.00</u>
Sub-total		<u>14,000.00</u>

From Security Warehouse & Cold Storage Company -

Warehouse equipment and spur track	\$ 6,500.00
Packing house equipment	1,000.00
Concrete storage building and metal garage building	95,500.00
Packing house	5,000.00
Four parcels of real estate	<u>28,000.00</u>
Sub-total	<u>136,000.00</u>
Total	<u>\$150,000.00</u>

The cost of the properties of Security Storage & Moving Company is reported at \$34,558.90 and of those of Security Warehouse & Cold Storage Company at \$118,803.77. The figures in the preceding tabulation represent estimated present values.

In addition, Security Storage & Moving Company proposes to assign to Parton Van & Storage Co. the leases it holds on the two warehouse buildings. Under one agreement, dated June 10, 1945, the company leases a warehouse building from Celestine M. Cassinelli, et al, for a period of one year from June 10, 1945, for a total rental of \$1,920, with the option to renew for an additional year for a total rental of \$2,400. Under the other agreement, dated July 19, 1943, the company leases a warehouse building from San Jose Finance Company for a period of two years from July 19, 1943, at a total rental of \$4,650 and for two additional years thereafter at a monthly rental of \$200.

The agreement, dated December 10, 1945, for the transfer of the properties (Exhibit "L") provides, among other things, that Security Storage & Moving Company shall take the necessary steps toward having its radial highway common carrier permit and its city carrier permit transferred to Parton Van & Storage Co. However, these permits are not transferable. It will be

necessary for Security Storage & Moving Company to request the cancellation of the permits it now holds and for the Parton Van & Storage Co. to apply for new permits in its own name.

To finance the purchase price of the property it proposes to acquire, Parton Van & Storage Co. proposes to issue and sell at par to its officers and organizers, \$90,000 of its common capital stock and to borrow \$60,000 from American Trust Company, said sum to be represented by a note for that amount payable in quarterly installments of \$1,500 commencing March 1, 1947, with interest at the rate of 4½% per annum, to be secured by a deed of trust. A copy of the proposed note has been filed in this proceeding as Exhibit "I" and a copy of the proposed deed of trust as Exhibit "J".

In our opinion the requests of applicants should be granted, as provided in the following order. The action taken herein shall not be construed to be a finding of value for any purpose other than the proceeding herein involved.

O R D E R

The Railroad Commission having considered applicants' requests and being of the opinion that this is not a matter on which a public hearing is necessary and that the money, property or labor to be procured or paid for through the issue of the stock and note is reasonably required for the purpose specified herein, which purpose is not, in whole or in part, reasonably chargeable to operating expenses or to income,

IT IS HEREBY ORDERED as follows:

1. Security Warehouse & Cold Storage Company and Security Storage & Moving Company, after the effective date hereof and on or before February 28, 1946, may sell the assets and properties, and may assign the leases, which are referred to in the foregoing opinion, to Parton Van & Storage Co., which may purchase and acquire the same.

2. Parton Van & Storage Co., after the effective date hereof and on or before February 28, 1946, for the purpose of financing the purchase price of said assets and properties, may issue and sell at par, \$90,000 of its common capital stock and may issue a note in the principal amount of \$60,000, said note to be in the same form as that filed in this proceeding as Exhibit "I".

3. Parton Van & Storage Co., after the effective date hereof and on or before February 28, 1946, may execute a deed of trust in, or substantially in, the same form as that filed in this proceeding as Exhibit "J".

4. Security Storage & Moving Company and Parton Van & Storage Co., immediately upon the transfer of the properties and on not less than five (5) days' notice to the Commission and to the public, shall supplement or re-issue the tariffs on file with the Commission insofar as they name rates, rules and regulations governing warehouse operations of Security Storage & Moving Company to show that it has withdrawn from or canceled, and that Parton Van & Storage Co. has concurrently adopted or established as its own, said rates, rules and regulations. The tariff filings made pursuant to this order shall in all other respects comply with the regulations governing the construction

and filing of warehouse tariffs set forth in the Commission's General Order No. 61.

5. The authority herein granted will become effective when Parton Van & Storage Co. has paid the fee prescribed by Section 57 of the Public Utilities Act, which fee is Sixty (\$60.00) Dollars.

6. Parton Van & Storage Co. shall file with the Commission a report or reports, required by the Commission's General Order No. 24-A, which order, insofar as applicable, is made a part of this order.

Dated at San Francisco, California, this 21st day of December, 1945.

Harold Rudner

Justice F. Casper
Francis A. ...

James M. Powell

Harold P. Huls
Commissioners

