

Decision No. 42540

011 10 1948

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application)	
	:	
-of-)	Application
	:	No. 30022
MORELLO CENTRAL VALLEY WAREHOUSE)	
CO., for permit to issue securities:	:	
-----)	

O P I N I O N

This is an application for an order of the Public Utilities Commission authorizing Morello Central Valley Warehouse Co. to issue, for the purposes hereafter stated, \$14,000 par value of stock.

Information on file with the Commission shows that Eugenio Morello, doing business as Central Valley Warehouse Co., heretofore has filed his tariff, effective March 17, 1948, naming rates for storage at Biola, Fresno County, and that since that time he has engaged in the public warehouse business.⁽¹⁾ For 1948, he reports warehouse operating revenues of \$11,764.49 and warehouse operating expenses, including depreciation and taxes, of \$23,450.44, leaving a net loss of \$11,685.95. He reports his assets and liabilities, as of December 31, 1948, as follows:

⁽¹⁾ The business consists of the operation of a bonded warehouse.

Assets

Current assets -		
Cash in bank		\$ 2,681.93
Accounts receivable		<u>2,836.37</u>
Total current assets		5,518.30
Fixed assets -		
Buildings	\$52,487.99	
Real estate	8,500.00	
Machinery and equipment	32,529.18	
Furniture and fixtures-office	<u>882.82</u>	
	94,400.00	
Less-Reserve for depreciation	<u>9,649.20</u>	<u>84,750.80</u>
	Total assets	<u>\$90,269.10</u>

Liabilities

Current liabilities -		
Accounts payable-trade		\$ 2,981.87
Accrued taxes		<u>291.25</u>
		3,273.12
Other liabilities -		
Morello Winery interoffice account		7,870.09
E. Morello net worth		<u>79,125.89</u>
	Total liabilities	<u>\$90,269.10</u>

The application shows that Mr. Morello desires to conduct his warehouse business through a corporate organization and to that end has caused the incorporation of Morello Central Valley Warehouse Co. He proposes to lease his warehouse property and equipment to the new corporation for a period of one year at a total rent of \$4,000 payable in stock of the corporation, to wit, 400 shares of the par value of \$10 each. At the expiration of the term, the monthly rental will be \$500. A copy of the lease agreement, dated January 27, 1949, has been filed in this proceeding. Its execution should be authorized by the Commission.

In addition to said 400 shares, the corporation desires to issue and sell, at par, 1,000 shares (\$10,000 par value) to purchase trucks, delivery cars, fixtures and other warehouse equipment which it claims will be needed in its operations. The

specific purposes for which the \$10,000 would be expended are not disclosed by the application.

In considering this matter it appears to the Commission that the corporation, particularly in its first year of operation, is in need of funds for working capital, that is, for the improvement or maintenance of its service, and the order herein will authorize the issue of said 400 shares for such purpose. In entering such an order the Commission is making no finding of the value of the leasehold interest. As to the issue of the remaining 1,000 shares of stock, this request will be held in abeyance until the corporation has submitted a more definite statement of the purposes for which it desires to use the proceeds.

O R D E R

The Public Utilities Commission having considered the above entitled matter and being of the opinion that a public hearing thereon is not necessary, that the application at this time should be granted only as herein provided, that the money, property or labor to be procured or paid for through the issue of 400 shares of stock is reasonably required by Morello Central Valley Warehouse Co. for the purpose specified herein, and that such purpose is not, in whole or in part, reasonably chargeable to operating expenses or to income; therefore,

IT IS HEREBY ORDERED as follows:

1. Morello Central Valley Warehouse Co., after the effective date hereof and on or before April 15, 1949, may issue 400 shares of stock to Eugenio Morello for the improvement or

maintenance of its service, as provided in the lease agreement dated January 27, 1949, which agreement Morello Central Valley Warehouse Co. and Eugenio Morello may execute.

2. Upon the lease of the properties referred to herein, Morello Central Valley Warehouse Co. and Eugenio Morello, on not less than five (5) days' notice to the Commission and to the public, shall supplement or reissue the tariffs on file with the Commission insofar as they name rates, rules and regulations governing warehouse operations performed by Eugenio Morello to show that said Eugenio Morello has withdrawn or canceled and Morello Central Valley Warehouse Co. concurrently has adopted or established as its own said rates, rules and regulations, such tariff filings in all respects to comply with the regulations governing the filing of warehouse tariffs set forth in the Commission's General Order No.61.

3. Morello Central Valley Warehouse Co. 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.

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

Dated at San Francisco, California, this 23rd day of February, 1949.

R. E. Anderson
Julius P. Coe
Charles H. Fowell
Harold P. Hill
Samuel H. Potter
Commissioners