

ORIGINAL

Decision No. 43839

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

- In the Matter of the Application of )  
 :  
 (1) Sam Zall and John F. Ohrt to )  
 transfer partnership assets to )  
 Farmers Public Warehouse and )  
 Hi and Dry Warehouse, Inc. )  
 :  
 (2) Farmers Public Warehouse and )  
 Hi and Dry Warehouse, Inc. )  
 to accept the transfer of said )  
 assets and to issue stock in )  
 consideration therefor )  
 :  
 (3) Farmers Public Warehouse and Hi )  
 and Dry Warehouse, Inc. to issue )  
 secured promissory note. )  
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Application  
No. 31001

O P I N I O N

This is an application for an order authorizing Sam Zall and John F. Ohrt to transfer warehouse properties to Farmers Public Warehouse and Hi and Dry Warehouse, Inc., a corporation, and authorizing said corporation to issue \$58,800 par value of its capital stock, to execute a deed of trust and a chattel mortgage, and to issue a note in the principal amount of \$75,000.

Sam Zall and John F. Ohrt are, and for some time have been, engaged, among other things, in the operation of warehouses known as the Farmers Public Warehouse, located in Marysville, and the Hi and Dry Warehouse, located in Sutter, for the storage of rice and grain. The 1948 annual report of the Farmers Public Warehouse shows revenues of \$42,854.31 and net income of \$9,584.25, with storage capacity of 8,150 tons. The report of the Hi and Dry Warehouse shows revenues of \$65,725.92 and net income of \$10,580.71, with storage capacity of 5,000 tons.

The application shows that said Zall and Ohrt desire to consolidate their operations into a corporate organization and to that end have caused to be incorporated under the laws of California, a corporation known as Farmers Public Warehouse and Hi and Dry Warehouse, Inc. They propose to transfer their properties and business to the new corporation in exchange for 588 shares of stock of the total par value of \$58,800, one-half of which shares will be held by Sam Zall and one-half by John F. Ohrt.

Statements attached to the application show, for 1949, for the combined operations, revenues in the total amount of \$127,299.03 and net income of \$25,839.04. They show the combined assets and liabilities, as of December 31, 1949, as follows:

Assets

Current assets		
Cash	\$ 3,601.00	
Accounts receivable	38,267.43	
Merchandise inventory	<u>1,550.00</u>	
Total current assets		\$43,418.43
Fixed assets (less depreciation reserve of \$3,161.60)		51,435.25
Other assets		<u>562.31</u>
	Total	<u>\$95,415.99</u>

Liabilities

Note payable	\$ 6,000.00	
Accounts payable	2,668.37	
Contracts payable	<u>1,314.80</u>	
Total liabilities		\$ 9,983.17
Capital stock to be issued subject to approval of Commission		58,800.00
Surplus		<u>26,632.82</u>
	Total	<u>\$95,415.99</u>

The outstanding note shown on the balance sheet was paid in January.

The fixed assets include a parcel of real estate and the warehouse building known as the Hi and Dry Warehouse which was acquired by the present owners in 1944 at a reported cost of about \$39,000. The warehouse building known as the Farmers Public Warehouse is occupied under a long-term lease. The assets include warehouse equipment located in both structures, a bean cleaner, automobiles and office equipment.

Upon acquiring the properties and business, the new corporation proposes to construct, at an estimated cost of \$85,000, a bulk rice dryer and bulk storage facilities to be operated in conjunction with the present Hi and Dry Warehouse at Sutter, which new construction will include six concrete bins, fifty-four feet high and twenty feet in diameter, together with machinery and equipment, which will provide additional storage of 3,000 tons. Applicants report that there is now and for some time has been a growing demand by rice growers in the area of their operations for additional bulk rice dryer and storage facilities.

The corporation proposes to borrow the sum of \$75,000 from Anglo California National Bank at Sacramento to finance, in part, the estimated construction costs. The sum to be thus borrowed will be represented by a promissory note payable in five annual installments of \$15,000, with interest at the rate of 5% per annum on deferred payments. The payment of the note will be secured by a deed of trust on the real property and improvements at Sutter, and a chattel mortgage on the equipment.

It appears applicant corporation has need for the funds it will obtain through the issue of the note to pay in part the cost of bulk rice dryer and storage facilities.

Q E D E E

The Commission having considered the above entitled matter, and being of the opinion that a public hearing thereon is not necessary, that the application should be granted, as herein provided, that the money, property or labor to be procured or paid for through the issue of 588 shares of stock and a note for \$75,000 is reasonably required by Farmers Public Warehouse and Hi and Dry Warehouse, Inc. 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. Sam Zall and John F. Ohrt, after the effective date hereof and on or before September 30, 1950, may sell and transfer to Farmers Public Warehouse and Hi and Dry Warehouse, Inc. their warehouse properties and business referred to in this proceeding.
2. Farmers Public Warehouse and Hi and Dry Warehouse, Inc., after the effective date hereof and on or before September 30, 1950, for the purpose of paying in part for said warehouse properties and business and of financing the cost of the improvements to which reference is made herein, may issue not exceeding 588 shares of its capital stock; may issue a note in the principal amount of \$75,000 payable in five annual installments of \$15,000 each, with interest at the rate of 5% per annum on deferred payments, and may execute a deed of trust and a chattel mortgage substantially in the same form as those filed in this proceeding to secure the payment of said note.
3. The action taken herein shall not be construed to be a finding of the value of the properties herein authorized to be transferred.

4. Farmers Public Warehouse and Hi and Dry Warehouse, Inc. 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.

5. Applicants, on not less than five (5) days' notice to the Commission and to the public, shall supplement or reissue tariffs on file with the Commission insofar as they name rates, rules and regulations governing warehouse operations of Sam Zall and John F. Ohrt, so as to show that said Zall and Ohrt have withdrawn or canceled and Farmers Public Warehouse and Hi and Dry Warehouse, Inc. concurrently has adopted or established as its own, said rates, rules and regulations. The filings made pursuant to this order in all respects shall comply with the regulations governing the filing of warehouse tariffs set forth in the Commission's General Order No. 61.

6. The authority herein granted will become effective when Farmers Public Warehouse and Hi and Dry Warehouse, Inc. has paid the fee prescribed by Section 57 of the Public Utilities Act, which fee is seventy-five (\$75.00) dollars.

Dated at San Francisco, California, this 20<sup>th</sup> day of February, 1950.

*R. Z. Anderson*  
*Justice J. Coakley*  
*Joseph A. Quinn*  
*Harold P. Kille*  
*Frederick E. Pottel*  
Commissioners

