

Decision No. 44105

ORIGINAL

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of)	
J. D. Heiskell & Co., a limited	:	Application
partnership, for order authorizing)	No. 31339
transfer of ownership of warehouse	:	
property.)	
-----	:	

In the Matter of the Application of)	
J. D. Heiskell & Co., a limited	:	
partnership, and J. D. Heiskell & Co.,)	
Inc., a California corporation, for	:	Application
orders authorizing (1) transfer of)	No. 31340
warehouse property and (2) issuance	:	
of shares of capital stock and)	
debentures.	:	
-----	:	

O P I N I O N

These applications involve the transfer of a partnership interest in J. D. Heiskell & Co., a limited partnership; the transfer of properties to J. D. Heiskell & Co., Inc., a corporation; and the assumption of obligations and liabilities and the issue by the corporation of 1,000 shares of stock without par value and \$200,000 of debentures.

The applications show that J. D. Heiskell & Co. is a limited partnership with John T. Heiskell, W. H. Busby, Elizabeth M. Heiskell and D. B. Wells named as general partners and Lucy E. Heiskell and Lucy B. Heiskell as limited partners. For many years the partnership and its predecessors have been engaged in the merchandising of feeds and grains and in the operation of a public utility warehouse business in Tulare. The public utility operations have constituted but a small portion of the total, the applications showing, for example, that during the ten months ending March 31,

1950, the gross revenues of the business amounted to \$1,824,914.14, including warehouse revenues of \$1,104.78. The net profit for the period, from all sources, without provision for salaries or income taxes of partners, is reported at \$86,538.69.

The assets and liabilities of the partnership as of the close of business on March 31, 1950, are reported as follows:

Assets

Current assets -		
Cash on hand and in banks	\$ 36,776.43	
Notes and accounts receivable	303,893.46	
Merchandise inventory	75,083.64	
Unexpired insurance and premiums	<u>16,040.09</u>	
Total current assets		\$431,793.62
Fixed assets -		
Cost	125,986.68	
Less-reserve for depreciation	<u>41,548.99</u>	
Net book cost of fixed assets		<u>84,437.69</u>
	Total	<u>\$516,231.31</u>

Liabilities

Current liabilities -		
Notes and accounts payable	\$110,942.45	
Taxes and interest	17,260.98	
Miscellaneous liabilities	<u>1,194.56</u>	
Total current liabilities		\$129,397.99
Capital accounts of partners		<u>386,833.32</u>
	Total	<u>\$516,231.31</u>

It appears that D. B. Wells now desires to withdraw from the partnership and to transfer his entire interest therein to John T. Heiskell for the sum of \$32,373.81, that being the estimated book value of D. B. Wells' interest in the partnership, including his capital account, all accrued interest, and all accrued and undistributed salary and profits. It is planned to consummate the withdrawal of D. B. Wells under an Agreement of Sale and Assignment and under an Amendment to Articles of Limited Partnership, both dated as of April 21, 1950, filed in Application No. 31339 as

Exhibit A and Exhibit B, respectively.

Following the withdrawal of said D. B. Wells, the remaining partners propose to transfer the partnership properties (except cash in the amount of \$54,500 to be distributed to the partners and contingent growers' discounted receivables) to a new corporation named J. D. Heiskell & Co., Inc.⁽¹⁾ which they have caused to be organized to receive the properties and thereafter to continue the operations. Under the agreement of sale, dated April 27, 1950, filed in Application No. 31340 as Exhibit C, the new corporation, in consideration, will assume all the obligations and liabilities of the business as of the effective date of transfer, with the exception of city and county 1950-51 real and personal property taxes and contingent liabilities on growers' discounted receivables, and will issue to the partners 1,000 shares of stock without par value and debentures in the aggregate principal amount of \$200,000. The proposed debentures will bear interest at the rate of 5% per annum, will mature ten years after the date of issue and will be issued under a debenture agreement filed in Application No. 31340 as Exhibit G.

It is reported that the corporation intends to operate the warehouse business in the same manner as it has been operated in the past with no change in the facilities, service, rates, rules and regulations. A review of the applications indicates that the transactions proposed herein will not be adverse to the public interest.

An order accordingly will be entered.

(1) The corporation was organized under the laws of the State of California on or about April 11, 1950, with an authorized capital stock of 2,000 shares, all of one class, without par value.

O R D E R

The Commission having considered the above entitled matters and being of the opinion that a public hearing thereon is not necessary, that the requests of applicants should be granted, as herein provided, that the money, property or labor to be procured or paid for through the issue of the stock and debentures herein authorized is reasonably required 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. D. B. Wells, after the effective date hereof and on or before July 31, 1950, may transfer his partnership interest in J. D. Heiskell & Co. to John T. Heiskell, such transfer to be made under and in accordance with the terms of the Agreement of Sale and Assignment and the Amendment to Articles of Limited Partnership filed in Application No. 31339 as Exhibit A and Exhibit B, respectively.

2. The members of J. D. Heiskell & Co., a limited partnership, after the effective date hereof and on or before July 31, 1950, may transfer the properties of said partnership to J. D. Heiskell & Co., Inc., such transfer to be made under and in accordance with the terms of the agreement, dated April 27, 1950, filed in Application No. 31340 as Exhibit C.

3. J. D. Heiskell & Co., Inc., after the effective date hereof and on or before July 31, 1950, in payment for said properties, may assume the payment of the obligations and liabilities of the partnership, as set forth in said Exhibit C, as of the effective

date of transfer, may issue not exceeding 1,000 shares of its capital stock and not exceeding \$200,000 of debentures and may execute a debenture agreement substantially in the same form as that filed in Application No. 31340 as Exhibit G.

4. Applicants, 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 of J. D. Heiskell & Co., to show that said J. D. Heiskell & Co. has withdrawn from said tariffs and that J. D. Heiskell & Co., Inc. has adopted or established said rates, rules and regulations as its own, such tariff filings made pursuant to this order in all respects to comply with the regulations governing the construction of warehouse tariffs set forth in the Commission's General Order No. 61.

5. J. D. Heiskell & Co., Inc. shall file with the Commission a report, or reports, of the issue of the stock and debentures as required by the Commission's General Order No. 24-A, which order, insofar as applicable, is made a part of this order.

6. The action taken herein shall not be construed to be a finding of the value of the properties herein authorized to be transferred.

7. The authority herein granted will become effective when J. D. Heiskell & Co., Inc. has paid the fee prescribed by Section 57 of the Public Utilities Act, which fee is two hundred (\$200.00) dollars.

Dated at San Francisco, California, this 2nd day
of May, 1950.

R. E. [Signature]

James H. [Signature]

Harold K. [Signature]

Justus F. [Signature]
Commissioners

Commissioner Justus F. Craemer, being
necessarily absent, did not participate
in the disposition of this proceeding.

