

Decision No. 47219

ORIGINAL

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of)
 ELVA DE PUE MATTHEWS, Doing Business :
 as De Pue Warehouse Company, to Sell)
 Certain Warehouse Properties Located :
 in Colusa County, California, to De)
 Pue Warehouse Company, a Corporation, :
 and of DE PUE WAREHOUSE COMPANY, a)
 Corporation, for an Order or Permit :
 Authorizing it to Sell and Issue its)
 Securities, to Purchase from Elva :
 De Pue Matthews Certain Warehouse)
 Properties in Colusa County, Cali- :
 fornia, to Borrow \$70,000.00 from)
 the Bank of America, N T & S A and :
 Encumber those Warehouse Properties)
 as Security Therefor, and to Erect :
 Additional Facilities with the)
 Proceeds Thereof.)
 -----)

Application
No. 33422

O P I N I O N

In this application Elva De Pue Matthews seeks authorization to sell certain warehouse properties to De Pue Warehouse Company, a corporation, for the sum of \$43,935.31. The properties are located in Cortena, Berlin and Williams, all in Colusa County, and are used for the storage of grain, rice and other commodities.

De Pue Warehouse Company, which was organized on or about March 7, 1952, joins in the application and asks authority to issue and sell, at par for cash, 1,500 shares of common stock of the par value of \$50 each and of the aggregate par value of \$75,000, and to issue its promissory note, or notes, to Bank of America National Trust and Savings Association in the total principal amount of \$70,000 for the purpose of financing the purchase price, of constructing bulk bin storage facilities at Berlin and Williams, and of providing working capital. Specifically, it reports its requirements as follows:

To purchase the properties	\$ 43,925.31
To construct and equip bulk bin facilities as set forth in Exhibit G	96,707.00
For working capital	<u>4,367.69</u>
Total	<u>\$145,000.00</u>

The sum to be borrowed from the bank will be repayable in five equal annual installments of \$14,000 with interest at the rate of 5% per annum, the payment to be secured by a mortgage of chattels on the Berlin properties and a deed of trust on the Williams properties. It appears that the Berlin warehouse is located on land leased from Southern Pacific Company and that as to these premises the corporation has negotiated new leases from the railroad company for periods of five years, with renewal privileges.

Information on file with the Commission shows that Elva De Pue Matthews in 1951 reported a net loss of \$10,837.03. However, those who have signified their intention of purchasing the shares of stock of De Pue Warehouse Company are of the opinion that after the conversion of the Berlin and Williams properties to bulk storage the business can show a substantial profit.⁽¹⁾ They estimate that upon the completion of the improvements, the properties can be operated to produce annual revenues of \$64,130 and net income of \$21,465, after payment of interest and provision for depreciation.

The new corporation reports it will observe the rates now in effect and will provide the same service as has been given by applicant Matthews in the past and the additional service from the improvements it contemplates installing. Under the circumstances set forth in this application we are of the opinion that the transfer of the properties will not be adverse to the public interest.

(1) The application shows that most of the proposed stockholders are officers or directors of Maxwell-Delevan Warehouse Company, a corporation engaged in bulk storage operations in the Sacramento Valley, and that they are experienced in the public utility warehouse business.

O R D E R

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 by the issue of the stock and note, or notes, herein authorized is reasonably required 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. Elva De Pue Matthews, after the effective date hereof and on or before December 31, 1952, may sell to De Pue Warehouse Company, a corporation, the warehouse properties referred to in this application upon the terms and conditions set forth therein.
2. De Pue Warehouse Company, a corporation, after the effective date hereof and on or before December 31, 1952, may issue and sell, at par for cash, not exceeding 1,500 shares of its common stock of the aggregate par value of \$75,000, and may issue its note, or notes, in the total principal sum of \$70,000 payable in five annual installments of \$14,000 each, with interest at the rate of 5% per annum, and may execute a deed of trust and a mortgage of chattels, which note, or notes, deed of trust and mortgage of chattels shall be substantially in the forms filed in this proceeding as Exhibit F.
3. De Pue Warehouse Company shall use the proceeds from the issue of said shares of stock and said note, or notes, for the purposes set forth in this application.
4. The action taken herein shall not be construed to be

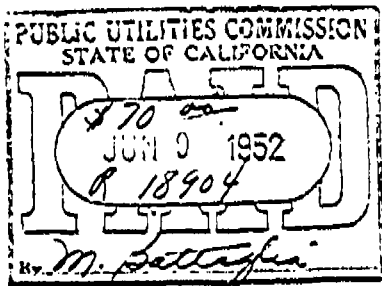
a finding of the value of the properties herein authorized to be transferred.

5. On not less than five (5) days' notice to the Commission and to the public, applicants shall supplement or reissue the tariffs now on file with the Commission, insofar as they name rates, rules and regulations governing warehouse operations of Elva De Pue Matthews to show that Elva De Pue Matthews has withdrawn or canceled and that De Pue Warehouse Company concurrently has adopted or established as its own said rates, rules and regulations. The tariff filings made pursuant to this order in all respects shall comply with the regulations governing the construction and filing of warehouse tariffs set forth in the Commission's General Order No. 61.

6. De Pue Warehouse Company 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.

7. The authority herein granted will become effective when De Pue Warehouse Company has paid the fee prescribed by Section 1904(b) of the Public Utilities Code, which fee is seventy (\$70.00) dollars.

Dated at Los Angeles, California, this 5th day of June, 1952.



[Signature]
President
[Signature]
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Commissioners