

**ORIGINAL**

Decision No. 49944

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application )  
of )  
GARDEN CITY WAREHOUSE CO., INC., )  
a corporation, )  
For a Permit to Sell and Issue )  
Securities. )  
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Application  
No. 35317

O P I N I O N

Garden City Warehouse Co., Inc. has filed this application for authorization to issue \$22,500 par value of common stock to Garden City Transportation Co., Ltd. in payment of leasehold interests in a building located at Fifth Street and Bayshore Highway, San Jose, together with the warehouse business conducted therein, and to issue \$7,500 par value of common stock, at par for cash, for the purpose of financing the cost of equipment and of providing working capital.

It appears that Garden City Transportation Co., Ltd. is, and has been, engaged in operating a highway common carrier business in northern California and is, and has been, occupying, under lease arrangements, certain premises at Fifth Street and Bayshore Highway in San Jose, consisting of five acres of land and improvements, including an office building, a warehouse and garage facilities, which it has used in part for its transportation operations and in part for nonpublic utility rental activities. According to its 1953 annual report to the Commission, its net investment in its tangible and intangible properties amounted to \$170,049 and its net investment in

current assets to \$29,742, a total of \$199,791, which it has financed for the most part with common stock equity capital of \$176,909. Its statement of its results of operations for the year 1953 shows gross revenues from all sources of \$833,852 and net income of \$32,668.

It appears that the transportation company now desires to divorce its warehouse activities from its transportation and other operations and that it has organized applicant corporation to take over the lease under which it has been occupying the premises referred to above, and also the leasehold interests in a recently constructed warehouse building at 1045 No. Tenth Street, San Jose, which was placed in operation during the early part of this year. It is the intention of applicant corporation to conduct a general warehouse business in the leased premises at both locations.

The lease under which the transportation company has been occupying the Fifth and Bayshore premises runs for a period of ten years from January 1, 1949. It is planned that applicant will occupy the warehouse premises, under a sublease arrangement which has been approved by the lessor, at a monthly rental of \$500. The application shows that the income from the rental activities of the transportation company for the past four years has been as follows:

	<u>Revenues</u>	<u>Expenses</u>	<u>Net</u>
1950	\$14,799	\$ 8,521	\$ 6,278
1951	20,277	8,536	11,741
1952	37,582	19,314	18,268
1953	37,632	15,284	22,348

Applicant corporation proposes to issue the stock covered by this application to the transportation company, \$22,500 thereof to be delivered in payment for the leasehold interests and the business and \$7,500 to be sold at par for cash. It is reported that

applicant is a wholly-owned subsidiary of the transportation company and that there is no intention on the part of applicant to dispose of any shares of stock to the public.

Upon reviewing this application we are of the opinion that the transfer of the leasehold interests will not be adverse to the public interest. In accordance with the uniform system of accounts prescribed by the Commission for warehousemen, applicant corporation will be required to charge the cost of the leasehold interests to account 210, Leasholds, and thereafter to amortize the same over the remaining life of the lease through charges to income account 407(b), Amortization of leaschold interests.

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

Q R D E R

The Commission having considered the above entitled matter and being of the opinion that a public hearing 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 shares of stock herein authorized is reasonably required by applicant 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. Garden City Warehouse Co., Inc., on and after the effective date hereof and on or before December 31, 1954, may issue


not exceeding 300 shares of its common stock to Garden City Transportation Co., Ltd., at par, for the purposes set forth in this application.

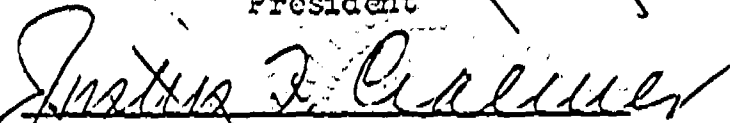
2. Applicant shall charge the cost of the leasehold interests to be acquired by it to Account 210 and thereafter amortize the same over the life of the lease by charges to Account 407(b).

3. Applicant 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 20 days after the date hereof.

Dated at San Francisco, California, this 20th day of April, 1954.

  
President







  
Commissioners