

Decision No. 52979

ORIGINAL

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the matter of the Application of

VERNON WAREHOUSE COMPANY,

Edna H. Pagel, owner, for authorization
to transfer, and of

VERNON CENTRAL WAREHOUSE, INC..

to acquire a public utility warehouse
business and to issue stock in exchange
therefor.

Application
No. 37932

O P I N I O N

This is an application for an order (1) authorizing Edna H. Pagel to transfer warehouse properties to Vernon Central Warehouse, Inc., and (2) authorizing Vernon Central Warehouse, Inc., to assume liabilities and to issue \$103,583 par value of common stock.

The application shows that Edna H. Pagel, doing business as Vernon Warehouse Company, is engaged as a public utility warehouseman and in related activities in Vernon, the operations consisting primarily of the storage and handling of sugar and sugar products. She has reported her storage and handling revenues during 1955 in the amount of \$63,019 and her nonutility trucking and miscellaneous revenues in the amount of \$96,121, a total of \$159,140, with net profit of \$23,919.

In Exhibit II, applicant Pagel has reported her net investment in fixed assets at the close of 1955 as follows:

Real estate	\$ 22,500
Buildings	<u>44,257</u>
Subtotal	66,757
Equipment	<u>51,518</u>
Total	<u>\$118,275</u>

The figures purport to represent the actual costs less the related reserves for depreciation.

It now appears that the present operator desires to conduct her business under a corporate form of organization. She has organized Vernon Central Warehouse, Inc., and she proposes to transfer to it the equipment used in her operations and the current assets, retaining in her possession the land and improvements. She proposes, thereafter, to lease such land and improvements to the corporation for a period of five years at a monthly rental of \$600, plus the real estate taxes, up-keep, and maintenance.

Vernon Central Warehouse, Inc., in acquiring the equipment and current assets, proposes to assume the outstanding liabilities and to issue \$103,583 par value of stock. A pro forma balance sheet giving effect to the acquisition of the assets and the issue of the stock is as follows:

Assets

Current assets		
Cash	\$45,815.35	
Accounts receivable	<u>15,389.67</u>	
Total current assets		\$ 61,205.02
Board of Equalization deposit		100.00
Equipment		<u>51,518.20</u>
Total		<u>\$112,823.22</u>

Liabilities and Capital

Current liabilities	\$ 9,240.22
Common stock	<u>103,583.00</u>
Total	<u>\$112,823.22</u>

The application shows that the new corporation will adopt the rates of the present operator and will continue the operations under the same management and with the same facilities and personnel, and upon reviewing the matter we are of the opinion, and so find, that the transfer will not be adverse to the public interest. We will enter our order approving the application.

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

O 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 stock 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. Edna H. Pagel, on and after the effective date hereof, and on or before November 31, 1956, may transfer to Vernon Central Warehouse, Inc., her public utility warehouse business and the operative equipment as shown in this application.
2. Vernon Central Warehouse, Inc., may assume the payment of the outstanding obligations of Edna H. Pagel and may issue to her, in consideration for the transfer of the properties, not exceeding \$103,583 par value of its common stock.
3. On not less than five days' notice to the Commission

and to the public, effective concurrently with the consummation of such transfer, applicants shall supplement or reissue the tariffs now on file with the Commission, insofar as they name rates, rules and regulations governing the warehouse operations here involved, to show that Edna H. Pagel has withdrawn or canceled and that Vernon Central Warehouse, Inc., concurrently has adopted or established, as its own, said rates, rules and regulations. The tariff filings made pursuant to this order shall comply in all respects with the regulations governing the construction and filing of warehouse tariffs set forth in the Commission's General Order No. 61.

4. Vernon Central 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. The authority herein granted will become effective upon the date hereof.

Dated at San Francisco, California, this 1st day of May, 1956.

E. P. [Signature]
President

Justice J. [Signature]

[Signature]

[Signature]

Commissioners