

ORIGINAL

Decision No. 53538

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application
of
FIREBAUGH ELEVATOR AND STORAGE CO.
for a Permit to Issue and Sell
Shares.

Application No. 38149
(and Amendment)

O P I N I O N

In this application, as amended, the Commission is asked to make an order authorizing Frank Moradian and Beverly H. Jones, partners doing business as Firebaugh Elevator & Storage Co.,... hereinafter referred to as Sellers, to transfer warehouse properties to Firebaugh Elevator and Storage Co., a California corporation, and authorizing said corporation to assume liabilities and issue \$1,380 par value of common stock.

The application shows that during 1955, Sellers commenced the business of warehousing grain in steel bins constructed on land in Firebaugh leased from Southern Pacific Company at a rental of \$240 per year. For the ten months ended December 31, 1955, they report storage revenues of \$7,121, expenses of \$5,741, and net income of \$1,380. They report their assets, liabilities and capital as of December 31, 1955 as follows:

Assets

Cash in bank		\$ 1,378
Elevator and scale	\$ 20,515	
Less accumulated depreciation	<u>1,530</u>	<u>18,985</u>
Total		<u>\$ 20,363</u>

Liabilities and Capital

Accounts payable to Commodity Credit Corporation - grain overage		\$ 2,983
Note payable - Firebaugh Farms - balance on elevator purchase		16,000
Capital - Frank Moradian	\$ 690	
Beverly H. Jones	<u>690</u>	<u>1,380</u>
Total		<u>\$ 20,363</u>

Exhibit "B" attached to the application shows that the \$16,000 long-term indebtedness is payable at the rate of 10% of principal each year, with 5% per annum interest on declining balances, and is secured by a mortgage of leasehold.

Sellers have decided to incorporate their business and have organized Firebaugh Elevator and Storage Co., a corporation, to acquire their assets and operations and, in payment, to assume the outstanding liabilities and to issue \$690 par value of stock to each of the two partners. The corporation does not seek authorization to issue other securities at this time, either stock or long-term notes.

It appears that the new corporation will adopt the rates of Sellers and there will be no change in the type of business, the method of operation, or service to the public as a result of the transfer. 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 shall not be construed as a finding of the value of the property 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 by the corporation 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. Frank Moradian and Beverly H. Jones, on and after the date hereof, and on or before December 31, 1956, may transfer to Firebaugh Elevator and Storage Co., a corporation, their warehouse properties and business.

2. Firebaugh Elevator and Storage Co., a corporation, may assume the payment of the indebtedness to Firebaugh Farms in the amount of not exceeding \$16,000, and may issue not exceeding \$1,360 par value of its common stock in consideration for the transfer of the properties, as set forth in this application.

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 Frank Moradian and Beverly H. Jones have withdrawn or canceled and that Firebaugh Elevator and Storage Co., a corporation, 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. Firebaugh Elevator and Storage Co., a corporation, 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 on the date hereof.

Dated at San Francisco, California, this 7th day of August, 1956.

[Signature]
President

[Signature]

[Signature]

[Signature]

Commissioners