

ORIGINAL

Decision No. 53673

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application
of CENTRAL EUREKA CORPORATION, a
corporation, for Authority to
Issue Common Stock.

Application No. 38248

Paul T. Wolf, for Applicant

O P I N I O N

Central Eureka Corporation has filed this application for authorization (1) to issue 2,000,000 shares of common stock, of the aggregate par value of \$2,000,000, in exchange for shares of stock of San Carlos Manufacturing Co. and Heating Equipment Manufacturing Co. and (2) to issue 40,000 shares of common stock in payment for services rendered in negotiating these transactions.

The application was filed on July 13, 1956. A public hearing was held before Examiner Coleman in San Francisco on August 1, 1956, at which time the matter was taken under submission. The Commission has received no protests in the proceeding.

San Carlos Manufacturing Co. and Heating Equipment Manufacturing Co. are corporations engaged in the business of manufacturing furnaces. Their outstanding shares of stock are held by seven shareholders who have entered into an agreement to transfer their shares to Central Eureka Corporation in exchange for 2,000,000 shares of that corporation's common stock.

In exhibits filed in this proceeding, the book value of the stock of San Carlos Manufacturing Co. is reported at \$425,883 and of Heating Equipment Manufacturing Co. at \$594,238, a total of

\$1,020,121. The exhibits show revenues and income for the last three fiscal periods of each corporation as follows:

San Carlos Manufacturing Co.:

	<u>Net Sales</u>	<u>Net Income</u> <u>Before</u> <u>Income Tax</u>	<u>After</u> <u>Income Tax</u>
Year ended November 30, 1953	\$ 491,319	\$ 75,934	\$ 38,973
Year ended November 30, 1954	1,724,245	319,674	157,146
Year ended November 30, 1955	1,867,461	351,810	173,512

Heating Equipment Manufacturing Co.:

Year ended February 28, 1954	\$2,281,985	\$ 95,055	\$ 51,167
Year ended February 28, 1955	3,890,592	230,660	115,541
Year ended February 29, 1956	3,941,532	267,286	133,117

Because of its public warehouse operations, applicant is a public utility corporation as defined in the Public Utilities Code and as such is required to obtain from this Commission approval of its security issues, even though its utility operations may constitute but a small part of the total. Although applicant is contemplating divesting itself of its public utility business, it has not yet completed its arrangements to do so and consequently we will take jurisdiction over the issue of the shares of stock covered by this application.

ORDER

The Commission having considered the matter and being of the opinion that the application should be granted as herein provided, that the issue of the shares of stock as proposed will not be adverse to the interests of the patrons of the public utility warehouse now owned and operated by applicant, that the money, property or labor to be procured or paid for by the issue of said shares of stock 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. Central Eureka Corporation may issue not exceeding 2,000,000 shares of its common stock, on or before April 30, 1957, in exchange for stock of San Carlos Manufacturing Co. and Heating Equipment Manufacturing Co. in accordance with the terms set forth in this application.

2. Central Eureka Corporation may issue not exceeding 40,000 shares of its common stock, on or before April 30, 1957, in payment for service rendered in negotiating these transactions.

3. Central Eureka 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.

4. The authority herein granted will become effective on the date hereof.

Dated at Los Angeles, California, this 29th day of August, 1956.

John E. Mitchell
President
Justus S. Cassano
Ralph L. Lister
William H. Hoad
R. Hardy
Commissioners