

ORIGINAL

Decision No. 54433

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of Emilio Giorgetti, Louis Figone, Charles Figone, Charles Bonnici and Robert Archer, John Morrell & Co., a corporation, and Morrell Cold Storage Co., a corporation, for approval of the sale of the public utilities properties of Emilio Giorgetti, Louis Figone, Charles Figone, Charles Bonnici and Robert Archer, the leasing of the said assets by John Morrell & Co. to Morrell Cold Storage Co., a corporation, the transfer of a certificate of convenience and necessity from the aforesaid transferors to Morrell Cold Storage Co., and for a permit authorizing the issuance and sale of half the capital stock of Morrell Cold Storage Co., to John Morrell & Co.

Application
No. 38768

OPINION AND ORDER

This is an application for an order of the Commission authorizing the transfer of cold storage warehouse properties and the issue of shares of stock.

The application shows that Emilio Giorgetti, Louis Figone, Charles Figone, Charles Bonnici and Robert Archer, as partners doing business as Holly Cold Storage Company, and Holly Meat Packing Co., a corporation, own and occupy certain real property and improvements in the City of Oakland. The business of the partners consists of the refrigeration, freezing and storage of meats as a public utility warehouseman and the business of the corporation is that of a wholesale meat dealer.^{1/} It appears that

^{1/} The partners have reported for 1955 operating revenues of \$67,447 and net operating income of \$25,658 and for the eight months ended August 31, 1956, operating revenues of \$45,987 and net income of \$16,279. John Morrell & Co. reports net sales for the year ended October 27, 1956, of \$340,765,513.

the present owners and operators desire to withdraw from their operations and have made arrangements to sell their holdings, for the sum of \$1,000,000, to John Morrell & Co., a Maine corporation which is engaged in the packing and merchandising of meat and food products throughout the United States.

The Maine corporation has organized Morrell Cold Storage Co., as a California corporation to take over and continue the public utility cold storage operations and it proposes to make the cold storage warehouse facilities available to the new corporation by means of a lease agreement calling for a monthly rental of \$250. The new corporation reports that it does not contemplate any increase in rates now being charged by the present operators of the public utility facilities. It proposes to issue and sell 500 shares of stock to John Morrell & Co. for cash at their par value of \$10 to obtain funds to conduct the business in which it will be engaged.

The Commission has considered this matter and is of the opinion that a public hearing is not necessary, that the proposed transfer will not be adverse to the public interest, that the money, property or labor to be procured or paid for by the issue of stock herein authorized is reasonably required by applicant 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. Emilio Giorgetti, Louis Figone, Charles Figone, Charles Bonnici and Robert Archer, as partners, on and after the effective date hereof and on or before June 30, 1957, may transfer their operative rights to Morrell Cold Storage Co., a corporation, and their properties to John Morrell & Co., a corporation, under the

terms and conditions set forth in this application, provided, however, that the physical properties are not relieved from their dedication to public use and that their status as public utility operative property shall continue as if no transfer had taken place, anything in the lease or other contract between applicants to the contrary notwithstanding.

2. John Morrell & Co. and Morrell Cold Storage Co. may enter into a lease agreement in, or substantially in, the same form as the agreement filed in this proceeding as Exhibit III.

3. Morrell Cold Storage Co. on and after the effective date hereof and on or before June 30, 1957, may issue and sell not more than 500 shares of its stock at par for cash and may use the proceeds for working capital.

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 days' notice to the Commission and to the public, effective concurrently with the consummation of such transfer, the partners shall supplement or reissue the tariffs now on file with the Commission, insofar as they name rates, rules and regulations governing the warehouse operations of partners, to show that partners have withdrawn or cancelled and that Morrell Cold Storage Co. 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. Morrell Cold 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.

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

Dated at Los Angeles, California, this 29th day of JANUARY, 1957.

Edith E. Mitchell President
Paul L. ...
William ...
R. ...
E. ...