

ORIGINAL

Decision No. 55332

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of  
NATIONAL STORAGE COMPANY, a  
California corporation, to merge  
with itself, SOUTHERN CALIFORNIA  
POULTRY COMPANY, a California  
corporation, and WESTERN TURKEY  
PACKING COMPANY, a California  
corporation,

and of

SOUTHERN CALIFORNIA POULTRY COMPANY  
and WESTERN TURKEY PACKING COMPANY  
to merge with NATIONAL STORAGE  
COMPANY, and for an Order authorizing  
NATIONAL STORAGE COMPANY to issue  
securities in connection therewith.

Application No. 40970

O P I N I O N

This application has been filed by National Storage Company, Southern California Poultry Company and Western Turkey Packing Company for approval of an agreement of merger and for an order authorizing the issue of shares of stock.

National Storage Company is engaged in operating a public utility cold storage business in Los Angeles. It has an authorized capital stock of 75,000 shares, without par value, of which 3,200 shares presently are outstanding.

Southern California Poultry Company is engaged in business as a wholesale dealer of poultry and poultry products, its principal place of business being in Los Angeles. It has an authorized capital stock of 7,500 shares, without par value, of which 3,737 shares presently are outstanding.

Western Turkey Packing Company is engaged in business as a wholesale dealer of poultry and poultry products with its principal place of business being in Fresno. It has an authorized capital stock of 1,000 shares, without par value, of which 90 shares presently are outstanding.

It is reported that those in control of the three corporations have concluded that it is to the best interests of said corporations if they be merged into one entity. Accordingly, an agreement of merger, dated November 5, 1958, has been drawn up providing for said merger and for the designation of National Storage Company as the surviving corporation. Under the terms of the merger agreement, the surviving corporation will succeed to all the assets and operations of the constituent corporations, will assume their outstanding debts and liabilities, and will issue shares of stock in exchange for the presently outstanding shares.

In effecting the exchange of shares, it is proposed that National Storage Company first will issue two shares of its stock for each of its presently outstanding 3,200 shares, which will reduce the book value of said shares from \$179.52 each to \$89.76 each on the basis of the net equity ownership at the end of its last fiscal year. Thereafter, it is proposed for the surviving corporation to issue its shares of stock to the shareholders of Southern California Poultry Company and Western Turkey Packing Company in amounts determined by dividing the book value per share of National Storage Company's stock, that is, \$89.76, into the net equity ownership of the other two corporations at the end of their last fiscal years. This procedure will result in the issue of 11,437 shares of stock to the present holders of Southern California Poultry Company

and 5,316 shares of stock to the present holders of Western Turkey Packing Company, plus the payment of a small amount of cash to be paid for fractional shares.

A pro forma statement showing the assets, liabilities and capital of the merged corporation as of January 31, 1959, is as follows:

Assets

Current assets	\$2,132,974.74
Property, plant and equipment, less reserve	1,444,597.56
Other assets	<u>147,907.87</u>
Total	<u>\$3,725,480.17</u>

Liabilities and Capital

Current liabilities	\$1,308,008.58
Long-term debt	143,297.00
Common stock and retained earnings	<u>2,274,174.59</u>
Total	<u>\$3,725,480.17</u>

While it does not appear that there is an identity of interest in the ownership of the outstanding shares, it is reported that certain shareholders own stock in each of the three corporations. The application shows that the stockholders of all three have approved the proposed merger unanimously.

The revenues and net income of the three corporations for the year 1958 are reported as follows:

	<u>National Storage Co.</u>	<u>W. Turkey Packing Co.</u>	<u>So. Calif. Poultry Co.</u>
Revenues -			
Storage and handling	\$498,807	\$ -	\$ -
Sales - less cost of goods sold	-	456,334	777,308
Net income	40,861	10,306	74,541

In making this application, the corporations report that the principal place of business of Southern California Poultry Company is located adjacent to the cold storage plant of National Storage Company, that both of the poultry corporations make use of large volumes of storage space in conducting their operations and that the merger will enable National Storage Company to anticipate the cold storage needs of these two companies. It appears that the surviving corporation will succeed to the public duties of the present utility and that there should be no curtailment in the public service.

Upon reviewing the verified application, we are of the opinion, and so find, that the merger will not be adverse to the public interest, 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 for the purpose specified herein, that such purpose is not, in whole or in part, reasonably chargeable to operating expenses or to income and that the application should be granted.

The authorization herein granted is not to be construed to be a finding of the value of the properties referred to in this proceeding.

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, therefore,

IT IS HEREBY ORDERED as follows:

1. National Storage Company, Southern California Poultry Company and Western Turkey Packing Company may execute and enter into an agreement of merger in, or substantially in, the same form as that filed in this proceeding as Exhibit D and may carry out the terms of said agreement.

2. National Storage Company, as the surviving corporation, may assume the outstanding indebtedness of the constituent corporations and in exchange for outstanding shares may issue an aggregate of 6,400 shares of stock to the present stockholders of National Storage Company, may issue an aggregate of 11,437 shares of stock to the present stockholders of Southern California Poultry Company, and may issue an aggregate of 5,316 shares of stock to the present stockholders of Western Turkey Packing Company, all as contemplated by the terms of the merger agreement.

3. National Storage Company 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 shall become effective on the date hereof.

Dated at Los Angeles, California, this 28<sup>th</sup> day  
of April, 1959.

E. L. Fox  
President  
E. L. Fox  
W. H. Dole  
Theodore J. Dole  
Commissioners