

ORIGINAL

Decision No. 59689

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application by CARL E. TORNELL, EVAR A. TORNELL, and GOTHARD S. TORNELL, co-partners doing business under the firm name and style of TORNELL GRAIN AND WAREHOUSE COMPANY, a co-partnership, of Ripon, California, to sell, and Application by TORNELL FARM SERVICE, INC., a California Corporation, to buy, certain assets, to operate a Warehouse, and to issue Shares of Stock (P.U.C. SECTIONS 851, 853 and 817).

Application No. 41845

O P I N I O N

This is an application filed on January 12, 1960, for an order of the Commission (1) authorizing Carl E. Tornell, Evar A. Tornell and Gothard S. Tornell, co-partners, to sell and transfer their public utility warehouseman prescriptive operative right and other assets to Tornell Farm Service, Inc., a California corporation organized on or about February 21, 1957, and (2) authorizing said corporation to issue 1,020 shares of its capital stock of the par value of \$100 per share and the aggregate par value of \$102,000 in exchange for certain assets of the copartnership.

The application shows that the co-partners had been engaged in public utility warehouseman and nonutility activities at Ripon, San Joaquin County, and that they had caused the formation of Tornell Farm Service, Inc., to take over certain of their assets in exchange for shares of stock, and to conduct the public utility warehousing and related operations.

It appears that the transfer and the issue of stock were intended to have been consummated as of June 7, 1957, and were not authorized by the Commission, but that the failure of the parties to present the matters to the Commission for approval was through inadvertence and with no intent to evade the provisions of the Public Utilities Code. The present application has been filed in order to obtain the requisite authorizations.

According to Exhibit D attached to the application, the capital stock of \$102,000 is approximately equivalent to the May 4, 1957 valuations of the properties involved in the transfer as follows:

Cash	\$ 20,000
Inventory	15,100
Land	19,000
Improvements	22,000
Automotive equipment	11,050
Warehouse equipment	14,350
Office equipment	<u>700</u>
Total	<u>\$102,200</u>

Although such exhibit indicates a stock issue of \$102,200 might be appropriate, the corporation is only requesting authority to issue \$102,000 of capital stock.

From a review of the application, it appears that the transfer heretofore attempted has resulted in no change in the rates or service to the public. Under the circumstances, we are of the opinion, and so find, that the transfer of the operative right and assets is not adverse to the public interest, that the money, property or labor to be procured or paid for by the issue of said stock is reasonably required for the purposes specified herein, that such purposes are not, in whole or in part, reasonably

chargeable to operating expenses or to income, and that an order should be entered granting the application.

Inasmuch as no report of the operations here involved had been filed with the Commission as of the filing date of this application, covering a period subsequent to August 31, 1957, we shall condition our authorization upon the filing of both a 1958 and a 1959 annual report.

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. Carl E. Tornell, Evar A. Tornell and Gothard S. Tornell may sell and transfer to Tornell Farm Service, Inc., their warehouseman prescriptive operative right and the assets referred to in this application.

2. Tornell Farm Service, Inc., on or after the effective date hereof and on or before June 30, 1960, may issue not to exceed \$102,000 par value of its capital stock in exchange for said operative right and assets. Said corporation shall issue new shares in lieu of those issued without authorization from this Commission.

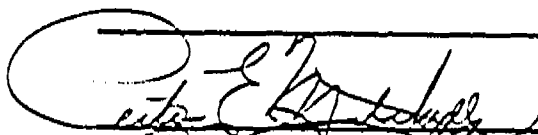



3. On not less than five days' notice to the Commission and to the public, effective concurrently with the consummation of such transfer, applicants shall supplement or reissue the tariffs now on file with the Commission, insofar as they name rates, rules and regulations governing the operations here involved, to show that Carl E. Tornell, Evar A. Tornell and Gothard S. Tornell have withdrawn or canceled and that Tornell Farm Service, Inc., 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 tariffs set forth in the Commission's General Order No. 61.

4. The action taken herein shall not be construed to be a finding of the value of the prescriptive operative right and properties herein authorized to be transferred.

5. Tornell Farm Service, 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.

6. The authority herein granted shall become effective 20 days after the date hereof, or when the 1958 and 1959 annual reports of the operations here involved have been filed with the Commission, whichever is the later.

Dated at San Francisco, California,
this 23rd day of FEBRUARY, 1960.

 President


 Commissioners