

ORIGINAL

Decision No. 69451

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application
of WEST LOS ANGELES MILLING CO.,
a corporation, and TARKE WAREHOUSE,
INC., a corporation, for an order
authorizing the transfer of a
certain franchise and assets of
WEST LOS ANGELES MILLING CO. to
TARKE WAREHOUSE, INC.; and

In the Matter of the Application
of TARKE WAREHOUSE, INC., a
corporation, for an order
authorizing the issuance of
shares.

Application No. 42411

O P I N I O N

This application was filed on June 23, 1960, for an order of the Commission authorizing West Los Angeles Milling Co., a corporation, to transfer warehouse operative rights and property to Tarke Warehouse, Inc., and authorizing Tarke Warehouse, Inc., to issue 13,000 shares of its common stock of the par value of \$20 each and of the aggregate par value of \$260,000.

West Los Angeles Milling Co. is engaged in business as a public utility warehouseman in Los Angeles, Oxnard, Oceanside and Chino and in the Sacramento Valley at Meridian, Sutter and Durham. It now desires to dispose of its facilities at Meridian, known as the Tarke Warehouse, to bean growers in the vicinity and it has entered into an agreement with a group of individuals whereby it will transfer the operative rights, land, building and equipment and current assets to a new corporation, named Tarke Warehouse, Inc., which has been organized to receive the same.

The operative rights to be transferred are prescriptive in their nature and were determined by the Commission by its order dated June 28, 1960, in Case No. 6570, as consisting of 57,600 square feet at Meridian, exclusive of the 50,000 square feet of expansion permissible under Section 1051 of the Public Utilities Code.

In acquiring the rights and other assets, the new corporation, in payment, will assume indebtedness of \$47,123.08 and will issue its common stock in the aggregate amount of \$260,000, a total purchase price of \$307,123.08, which is segregated as follows:

Current assets	\$ 47,000.00
Land, building and equipment, less depreciation	<u>260,123.08</u>
Total	<u>\$307,123.08</u>

The shares of stock, after their issue, will be transferred by West Los Angeles Milling Co. to the group of individuals who are interested in acquiring and operating the Tarke Warehouse facilities in exchange for a like amount of outstanding stock of West Los Angeles Milling Co.

The application shows that no part of the purchase price is allocated to the operative rights and that the new corporation will adopt the rates which presently are in effect. We find and conclude, therefore, 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 the stock herein authorized is reasonably required for the purposes specified herein, and that such purposes are not, in whole or in part, reasonably

chargeable to operating expenses or to income. We will enter our order granting the application.

Tarke Warehouse, Inc., is placed on notice that operative rights, as such, do not constitute a class of property which may be capitalized or used as an element of value in rate fixing for any amount of money in excess of that originally paid to the state as the consideration for the grant of such rights. Aside from their purely permissive aspect, they extend to the holder a full or partial monopoly of a class of business which monopoly feature may be changed or destroyed at any time by the state, which is not in any respect limited as to the number of rights which may be given.

The action taken herein shall not be construed to be a finding of the value of the operative rights and properties 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, therefore,

IT IS HEREBY ORDERED as follows:

1. West Los Angeles Milling Co., a corporation, may transfer its warehouse operative rights governing operations at Meridian and its warehouse facilities, as set forth in this application, to Tarke Warehouse, Inc., under the terms and provisions of the agreement filed in this proceeding as Exhibit A.

2. Tarke Warehouse, Inc., in payment for said operative rights and properties, may assume the payment of outstanding indebtedness of \$47,123.08 and may issue not to exceed \$260,000 par value of its common stock.

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 of West Los Angeles Milling Co., to show that West Los Angeles Milling Co. has withdrawn or canceled and that Tarke Warehouse, Inc., a corporation, 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.

4. Tarke Warehouse, 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.

5. The authority herein granted shall become effective on the date hereof.

Dated at San Francisco, California, this
28th day of July, 1960.

[Signature] President
[Signature]
[Signature]

Commissioners