

ORIGINAL

Decision No. 6795A

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of
MERCHANTS EXPRESS OF CALIFORNIA, a
corporation, and
WALKUP DRAYAGE & WAREHOUSE COMPANY,
a corporation,
for authority for Merchants Express
of California to merge into Walkup
Drayage & Warehouse Company as the
surviving corporation; and for
authority for Walkup Drayage &
Warehouse Company to issue stock.

Application No. 46959
Filed September 8, 1964

O P I N I O N

This is an application for an order of the Commission (1) authorizing Merchants Express of California to merge into Walkup Drayage & Warehouse Company and (2) authorizing Walkup Drayage & Warehouse Company, which proposes to change its name to Walkup Merchants Company, as the surviving corporation, to issue common stock having an aggregate par value of \$25,000.

Merchants Express of California is a California corporation engaged in business as a highway common carrier of general commodities, with certain exceptions, between various points and places in California. It was granted a certificate of public convenience and necessity authorizing such operations by Decision No. 63984, dated July 24, 1962, as amended by Decision No. 65672, dated July 9, 1963, and Decision No. 65948, dated September 3, 1963, in Application No. 44177.

The company also operates as a statewide petroleum irregular route carrier under a certificate of public convenience and necessity acquired pursuant to Decision No. 52888, dated April 17, 1956, in Application No. 37839. In addition, it possesses prescriptive operative rights as a public utility warehouseman in the cities of Oakland and Sacramento.

The application shows that Walkup Drayage & Warehouse Company, a California corporation, operates as a public warehouseman in the City and County of San Francisco, and as a permit carrier; that both corporations are commonly owned, managed and controlled; and that facilities and personnel are utilized jointly to some extent. The companies assert that the merger proposed in this proceeding would simplify the corporate organization and eliminate duplicate reporting to tax agencies and regulatory bodies, thereby resulting in economies.

In order to accomplish such objective, applicants have entered into an Agreement of Merger, dated August 19, 1964, a copy of which is attached to the application as Exhibit C. The document indicates that Merchants Express of California has agreed to merge with Walkup Drayage & Warehouse Company, which plans to change its name to Walkup Merchants Company, the surviving corporation, by an amendment to its Articles of Incorporation. The agreement provides that the

separate existence of Merchants Express of California shall cease and that Walkup Merchants Company shall succeed to and possess all rights and properties, and shall assume all debts, liabilities and duties, of both corporations. The surviving corporation proposes to issue 250 shares of its common stock having an aggregate par value of \$25,000 in exchange for 2,500 shares of Merchants Express of California outstanding common stock, which has a stated value of \$25,000.

The Commission has considered this matter and finds that: (1) the proposed merger would not be adverse to the public interest; (2) the money, property or labor to be procured or paid for by the issue of the stock herein authorized is reasonably required for the purpose specified herein; and (3) such purpose is not, in whole or in part, reasonably chargeable to operating expenses or to income. On the basis of these findings we conclude that the application should be granted. A public hearing is not necessary.

The action taken herein shall not be construed to be a finding of the value of the operative rights and other properties referred to in this proceeding. So far as the rights are concerned, the authorization herein granted relates to public utility warehouseman rights and certificates of public convenience and necessity as a highway common carrier and petroleum irregular route carrier. The matter of permitted carrier operative rights must be the subject of a separate application, or applications.

O R D E R

IT IS ORDERED that:

1. Merchants Express of California may enter into an Agreement of Merger with Walkup Drayage & Warehouse Company in the same form, or in substantially the same form, as that annexed to the application as Exhibit C, whereby Merchants Express of California will merge into Walkup Drayage & Warehouse Company. Applicants may carry out the terms of said Agreement of Merger.

2. Upon consummation of the merger, Walkup Drayage & Warehouse Company, under the provisions of its amended Articles of Incorporation, as set forth in Exhibit C attached to the application, may change its name to Walkup Merchants Company, and as the surviving corporation, may assume all the debts, liabilities and obligations of Merchants Express of California.

3. Walkup Merchants Company, as the surviving corporation under said Agreement of Merger, in exchange for shares of common stock of Merchants Express of California, may issue not to exceed 250 shares of its common stock in the aggregate par value of \$25,000 on the basis of one share of common stock of Walkup Merchants Company for each ten shares of outstanding common stock of Merchants Express of California having a total stated value of \$25,000.

4. Walkup Merchants Company shall file with the Commission a report, or reports, as required by General Order No. 24-B, which order, insofar as applicable, is hereby made a part of this order.

5. Walkup Merchants Company shall amend or reissue the tariffs on file with the Commission, naming rates and rules governing the common carrier and warehouse operations herein to show that it has adopted or established, as its own, said rates and rules. The tariff filings shall be made effective not earlier than ten days after the date of this order on not less than ten days' notice to the Commission and the public, and the effective date of the tariff filings shall be concurrent with the consummation of the merger herein authorized. The tariff filings made pursuant to this order shall comply in all respects with the regulations governing the construction and filing of tariffs set forth in the Commission's General Orders Nos. 61-A and 80-A.

6. On or before the end of the third month after the consummation of the merger as herein authorized, Walkup Merchants Company shall cause to be filed with the Commission, in such form as it may prescribe, an annual report, or reports, covering the period commencing with the first day of the current year to and including the effective date of the merger.

7. This order shall become effective on the date hereof.

Dated at San Francisco, California,
this 6th day of OCTOBER, 1964.

Fredrick B. Hallock
President

Ed E. Fitchell

George E. Crover

William W. Bennett

Commissioners

Commissioner Everett C. McKeage, being necessarily absent, did not participate in the disposition of this proceeding.