

ORIGINAL

Decision No. 69109

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the matter of the Application)
of Alice Lyons, an individual)
doing business as LYONS WAREHOUSE,)
to Sell and PATTERSON WAREHOUSE)
CO., a California corporation, to)
Purchase ownership and prescriptive)
operating rights to a public)
warehouse in Patterson, California,)
and the Application of PATTERSON)
WAREHOUSE CO. to issue stock.)

Application No. 47536
Filed April 30, 1965

O P I N I O N

This is an application for an order of the Commission (1) authorizing Alice Lyons, an individual doing business as Lyons Warehouse, to sell and transfer a prescriptive operative right and certain other assets to Patterson Warehouse Co., a corporation, and (2) authorizing Patterson Warehouse Co., in acquiring said right and other assets, to issue \$27,000 par value of its capital stock.

Pursuant to an investigation on its own motion in Case No. 5536, the Commission determined on June 14, 1960 that W. E. Lyons, an individual doing business as Lyons Warehouse, possessed a prescriptive operative right as a public utility warehouseman at Patterson, Stanislaus County. Said right authorizes the operation of 15,000 square feet of storage or warehouse floor space, exclusive of the

expansion permissible under Section 1051 of the Public Utilities Code. According to the application, W. E. Lyons died on November 24, 1963, and his interest in the properties passed on through probate proceedings to his wife, Alice Lyons, who has continued to operate the enterprise. In this application, Alice Lyons requests authority to sell and transfer the prescriptive operative right, together with warehouse property having a reported depreciated book value of \$14,699.39, to Patterson Warehouse Co. Said warehouse property is segregated between utility and nonutility in net amounts of \$3,223.58 and \$11,475.81, respectively.

The application shows that Patterson Warehouse Co., a California corporation organized on or about April 12, 1965, has agreed to purchase said operative right and assets for \$56,000 cash. The company proposes to issue and sell 27,000 shares of its capital stock, for cash, at their par value of \$1 each and to apply \$14,699.39 of the proceeds toward the acquisition price and the \$12,300.61 balance toward working capital. The buyer asserts that the additional funds required to consummate the purchase will be obtained from short-term borrowings. The pro forma balance sheet as of May 31, 1965, which is attached to the application as Exhibit D, indicates that the \$41,300.61 difference between the purchase price and the depreciated book value of the assets acquired will be recorded as an acquisition adjustment by the corporation.

The Commission has considered this matter and finds that: (1) the proposed sale and transfer will 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 purposes specified herein; and (3) such purposes are 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 prescriptive operative right or other assets herein authorized to be transferred.

O R D E R

IT IS ORDERED that:

1. On or before August 31, 1965, Alice Lyons, an individual doing business as Lyons Warehouse, may sell and transfer, and Patterson Warehouse Co., a corporation, may purchase and acquire the prescriptive operative right and properties referred to in the application.

2. Patterson Warehouse Co., on or before August 31, 1965, for the purposes specified in this proceeding, may issue and sell, at par, not to exceed \$27,000 par value of its capital stock.

3. Patterson Warehouse Co. 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.

4. Within thirty days after the consummation of the transfer herein authorized, Patterson Warehouse Co. shall notify the Commission, in writing, of that fact and within said period shall file with the Commission a true copy of any bill of sale or other instrument of transfer which may be executed to effect said transfer.

5. Patterson Warehouse Co. shall amend or reissue the tariffs on file with the Commission, naming rates and rules governing the 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 transfer 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 Order No. 61-A.

6. Concurrently with the effective date of tariff filings for warehouse operations required by Ordering Paragraph 5 hereof, the prescriptive operative right as a public utility warehouseman set forth in the Order dated June 14, 1960, in Case No. 6536, is hereby revoked and, in place and stead thereof, a prescriptive operative right as a public utility warehouseman is hereby stated for Patterson Warehouse Co., as more particularly set forth in Appendix A attached hereto.

7. In providing service pursuant to the warehouseman operative authority set forth herein, Patterson Warehouse Co. shall comply with and observe the following service regulation:

Within thirty days after the date hereof, it shall file a written acceptance of the operative right herein stated. By accepting such operative right, it is placed on notice that it will be required, among other things, to file annual reports of its operations. Failure to file said reports, in such form and at such time as the Commission may direct, may result in a cancellation of the operative right set forth in Appendix A hereof.

8. On or before the end of the third month after the consummation of the transfer as herein authorized, Patterson Warehouse Co. shall cause to be filed with the Commission, in such form as it may prescribe, an annual report, or reports, related to the operations of the seller for the period commencing with the first day of the current fiscal year to and including the effective date of the transfer.

Patterson Warehouse Co., a corporation, possesses a prescriptive operative right as a public utility warehouseman for the operation of storage or warehouse floor space as follows:

<u>Location</u>	<u>No. of Square Feet of Floor Space</u>
Patterson	15,000

(The floor space shown above is exclusive of the expansion permissible under Section 1051 of the Public Utilities Code.)

(End of Appendix A)

Issued by California Public Utilities Commission.

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