

ORIGINAL

Decision No. 72664

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application)
of WEST STANISLAUS GROWERS')
ASSOCIATION, a corporation, for)
authorization to sell and)
transfer, and of WESTAN)
WAREHOUSE COMPANY, INC., a)
corporation, for authorization)
to purchase and acquire a)
prescriptive warehouse operative)
right at Westley, California;)
and of WESTAN WAREHOUSE COMPANY,)
INC. for authorization to issue)
shares, a promissory note, and)
a deed of trust.)

Application No. 49434
Filed June 6, 1967

O P I N I O N

This is an application for an order of the Commission (1) authorizing West Stanislaus Growers' Association to sell and transfer a warehouse operative right and certain other assets to Westan Warehouse Company, Inc., and (2) authorizing Westan Warehouse Company, Inc., in acquiring said right and assets, together with \$3,000 of working capital, to issue \$10,000 aggregate par value of its capital stock and a \$28,000 note, and to execute a Deed of Trust.

West Stanislaus Growers' Association, a California corporation, is engaged in public utility warehouseman activities pursuant to the prescriptive operative right determined by the Commission on August 1, 1960, in Case No. 6734. Said right authorizes the operation of 18,656 square feet of storage

or warehouse floor space at Westley and vicinity, Stanislaus County, exclusive of the expansion permissible under Section 1051 of the Public Utilities Code.

In the present proceeding West Stanislaus Growers' Association proposes to sell said prescriptive operative right, together with warehouse property and equipment, to Westan Warehouse Company, Inc. for a total consideration of \$35,000. The annual report of West Stanislaus Growers' Association on file with this Commission for the fiscal year ended February 28, 1967 shows a net book value of \$27,696 for said warehouse property and equipment segregated between utility and nonutility operations in respective sums of \$7,756 and \$19,940.

Westan Warehouse Company, Inc., a California corporation organized on or about May 4, 1967, seeks authority to issue 1,000 shares of its \$10 par value capital stock, at par, in order to obtain funds for an initial payment of \$7,000 cash in connection with the purchase and for providing \$3,000 working capital. The company proposes to finance the balance of the acquisition price by issuing a promissory note in the principal amount of \$28,000. Said note will be repayable in annual installments of \$2,800 each, plus interest at the rate of 6% per annum, and will be secured by a Deed of Trust.

The pro forma balance sheet of Westan Warehouse Company, Inc. as of June 1, 1967, which is attached to the application as Exhibit D, indicates that no value will be assigned to the operative right.

The Commission has considered this matter and finds that: (1) the proposed transaction 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 and note 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 as a finding of the value of the prescriptive operative right and other assets herein authorized to be transferred, nor as indicative of amounts to be included in proceedings for the determination of just and reasonable rates.

O R D E R

IT IS ORDERED that:

1. On or after the effective date hereof and on or before October 31, 1967, West Stanislaus Growers' Association may sell and transfer, and Westan Warehouse Company, Inc. may purchase and acquire, the prescriptive operative right and other assets referred to in the application. Said sale and transfer may be made effective as of June 1, 1967, for accounting purposes.

2. Westan Warehouse Company, Inc., on or after the effective date hereof and on or before October 31, 1967, for the purposes specified in this proceeding, may issue and sell, at par for cash, not exceeding 1,000 shares of its \$10 par value capital stock.

3. Westan Warehouse Company, Inc., on or after the effective date hereof and on or before October 31, 1967, for the purposes set forth in the application, may execute a Deed of Trust and may issue a promissory note in the principal amount of not exceeding \$28,000. Said documents shall be in the same form, or in substantially the same form, as those attached to the application.

4. Within thirty days after the consummation of the transfer herein authorized, Westan Warehouse Company, Inc. 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. Westan Warehouse Company, Inc. 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 effective 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 No. 5 hereof, the prescriptive operative right as a public utility warehouseman set forth in the Order dated August 1, 1960, in Case No. 6734, is hereby revoked and, in place and stead thereof, a prescriptive operative right as a public utility warehouseman is hereby stated for Westan Warehouse Company, Inc., as more particularly set forth in Appendix A attached hereto.

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

8. Westan Warehouse Company, Inc. 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.

9. This order shall become effective when Westan Warehouse Company, Inc. has paid the fee prescribed by Section 1904(b) of the Public Utilities Code, which fee is \$28.

Dated at San Francisco, California, this 27th day of June, 1967.

[Signature]
President

[Signature]

[Signature]

[Signature]

Commissioner Fred P. Morrissey, being necessarily absent, did not participate in the disposition of this proceeding.

PUBLIC UTILITIES COMMISSION
STATE OF CALIFORNIA
39212
JUN 28 1967
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By [Signature]

Westan Warehouse Company, Inc. 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>
Westley and Vicinity (Stanislaus County)	18,656

(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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