

ORIGINAL

Decision No. 72694

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In The Matter of The Application )  
of DE PUE WAREHOUSE COMPANY, a )  
corporation, and MAXWELL-DELEVAN )  
WAREHOUSE CORPORATION, a )  
corporation. Application for )  
order (1) for merger of )  
applicants; (2) authorizing the )  
making of certain improvements; )  
and (3) authorizing the )  
borrowing of money and )  
encumbrance of certain property )  
as security therefore )

Application No. 49325  
Filed April 28, 1967  
and Amendment  
Filed June 8, 1967

O P I N I O N

This is an application for an order of the Commission (1) authorizing Maxwell-Delevan Warehouse Corporation to merge into and with De Pue Warehouse Company and (2) authorizing De Pue Warehouse Company, as the surviving corporation, to issue a \$215,000 note and to execute related encumbering documents.

De Pue Warehouse Company is a California corporation engaged in business as a public utility warehouseman pursuant to the prescriptive operative right determined by the Commission on June 20, 1960, in Case No. 6561. Said right authorizes the operation of 103,000 square feet of storage or warehouse floor space in portions of Colusa County. The corporation also is authorized to operate 5,910 square feet of storage or warehouse floor space in the immediate vicinity of Williams, Colusa County,

pursuant to the certificate of public convenience and necessity granted by Decision No. 68366, dated December 22, 1964, in Application No. 47081. For the fiscal year ended February 28, 1967, the company reports total operating revenues and net income of \$179,769 and \$24,752, respectively.

Maxwell-Delevan Warehouse Corporation, a California corporation, possesses a warehouseman prescriptive operative right determined by the Commission on August 9, 1960, in Case No. 6770, authorizing the operation of 48,300 square feet of storage or warehouse floor space in portions of Colusa County. For the fiscal year ended February 28, 1967, the corporation reports total operating revenues of \$257,266 and net income of \$72,241.

The foregoing floor space described for each company is exclusive of the expansion permissible under Section 1051 of the Public Utilities Code.

In accordance with the terms of an Agreement of Merger, Maxwell-Delevan Warehouse Corporation proposes to merge into and with De Pue Warehouse Company, the latter to succeed to all rights and property and to become subject to all the debts and liabilities of the former, whose separate corporate existence shall cease. Said agreement provides that stock will not be issued in connection with the merger and that the common stock of Maxwell-Delevan Warehouse Corporation will be surrendered and cancelled. It appears that both corporations have identical directors and management as well as the same shareholders.

Applicants assert that the contemplated merger would reduce administrative costs substantially and would result in a stronger company more able to serve the public.

The application, as amended, indicates that De Pue Warehouse Company, as the surviving corporation, plans to spend approximately \$130,000 for installation of machinery, equipment and other improvements designed to enable it to render better warehousing and drier services, and to increase storage capacity by approximately 5,080 square feet. In addition, the surviving corporation intends to refinance a previously authorized indebtedness represented by a note issued by Maxwell-Delevan Warehouse Corporation and having an outstanding balance of \$84,375.

In order to obtain funds for financing the cost of said improvements and to refinance said indebtedness, De Pue Warehouse Company proposes to issue a \$215,000 note in favor of Bank of America National Trust and Savings Association. Principal on said note will be repayable in annual installments of \$21,500 plus interest at the rate of 6-3/4% per annum. The indebtedness to be evidenced by the note will be secured by a Deed of Trust, a Security Agreement and a Financing Statement.

Based on financial statements submitted with the application and the amendment thereto, applicants' assets and liabilities as of February 28, 1967, together with adjustments arising from prior reductions in outstanding capital stock and those proposed herein, and the pro forma balance sheet giving effect to the proposed merger, are summarized as follows:

<u>Assets</u>	<u>De Pue</u>	<u>Maxwell- Delevan</u>	<u>Adjust- ments Dr. or (Cr.)</u>	<u>Pro Forma</u>
Property and equipment - net	\$221,875	\$247,230	\$ -	\$469,105
Other assets	<u>110,838</u>	<u>149,056</u>	<u>-</u>	<u>259,894</u>
<b>Total</b>	<b><u>\$332,713</u></b>	<b><u>\$396,286</u></b>	<b><u>\$ -</u></b>	<b><u>\$728,999</u></b>
<u>Liabilities</u>				
Long-term debt	\$ 93,750	\$ 84,375	\$ -	\$178,125
Common stock	75,000	55,000	70,000	60,000
Capital surplus	-	37,920	(36,416)	74,336
Retained earnings	70,758	73,299	(33,584)	177,641
Other liabilities	<u>93,205</u>	<u>145,692</u>	<u>-</u>	<u>238,897</u>
<b>Total</b>	<b><u>\$332,713</u></b>	<b><u>\$396,286</u></b>	<b><u>\$ -</u></b>	<b><u>\$728,999</u></b>

The Commission has considered this matter and finds that: (1) the proposed merger and documents 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 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, as amended, 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 operative rights and other assets herein authorized to be merged.

O R D E R

IT IS ORDERED that:

1. Maxwell-Delevan Warehouse Corporation may merge into and with De Pue Warehouse Company in accordance with the terms of an Agreement of Merger in the same form, or in substantially the same form, as Exhibit A attached to the application.
2. De Pue Warehouse Company, as the surviving corporation under the merger herein authorized, may assume all debts and liabilities of Maxwell-Delevan Warehouse Corporation.
3. De Pue Warehouse Company, on or after the effective date hereof and on or before September 30, 1967, for the purposes specified in this proceeding, may issue a promissory note in the principal amount of not exceeding \$215,000, repayable in equal annual installments of \$21,500 each, plus interest at the rate of 6-3/4% per annum.
4. Within thirty days after consummating the merger herein authorized, De Pue Warehouse Company shall notify the Commission, in writing, of that fact.
5. On or after the effective date hereof and on or before September 30, 1967, De Pue Warehouse Company, for the purpose specified herein, may execute and deliver a Deed of Trust, a Security Agreement and a Financing Statement, all in the same form, or in substantially the same form, as those attached to the application as Exhibits D2, D3 and D4, respectively. Said Deed of Trust may encumber the real property described in Exhibit E attached to the application.

6. De Pue Warehouse Company shall amend or reissue the tariffs on file with the Commission, naming rates and rules governing the warehouse operations of Maxwell-Delevan Warehouse Corporation 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 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 Order No. 61-A.

7. Concurrently with the effective date of tariff filings for warehouse operations required by Ordering Paragraph No. 6 hereof, the operative rights as a public utility warehouseman set forth in the Orders dated June 20, 1960, in Case No. 6561 and August 9, 1960, in Case No. 6770, and in Decision No. 68366, dated December 22, 1964, in Application No. 47081, are hereby revoked and, in place and stead thereof, a prescriptive operative right as a public utility warehouseman is hereby stated for De Pue Warehouse Company as more particularly set forth in Appendix A attached hereto.

8. Within sixty days after consummation of the merger authorized by Ordering Paragraph No. 1 hereof, De Pue Warehouse Company shall file with the Commission a copy of each journal entry used to record the merger on its books of account.

9. On or before the end of the third month after the consummation of the merger as herein authorized, De Pue Warehouse Company shall cause to be filed with the Commission, in such form as the Commission may prescribe, an annual report, or reports, related to the operations of Maxwell-Delevan Warehouse Corporation for the period commencing with the first day of the current year to and including the effective date of the merger.

10. Within thirty days after issuing the note herein authorized, De Pue Warehouse Company shall file with the Commission a copy of said note as actually issued.

11. De Pue Warehouse 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.

12. This order shall become effective when De Pue Warehouse Company has paid the fee prescribed by Section 1904 (b) of the Public Utilities Code, which fee is \$131.

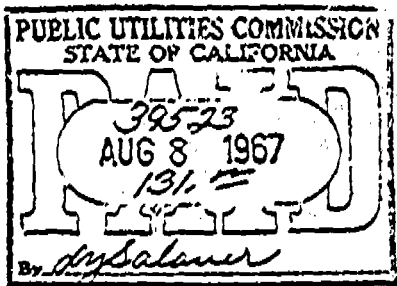
Dated at San Francisco, California,  
this 6<sup>th</sup> day of JULY, 1967.

[Signature]  
President

[Signature]

William Sproule Jr.

[Signature]  
Commissioners



Commissioner William M. Bennett, being necessarily absent, did not participate in the disposition of this proceeding.

De Pue Warehouse Company, 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>
Cortena Station, approximately four miles north of Williams on U. S. Highway 99W	18,000
Delevan and Vicinity	39,900
Genevra Station, approximately four miles north of Arbuckle on U. S. Highway 99W	38,500
In the vicinity of Maxwell on Maxwell-Colusa Road	8,000
Williams and Vicinity	46,900

(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.

Decision No. 72694, Application No. 49325.