

ORIGINAL

Decision No. 72924

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of PACIFIC COMPRESS)
AND WAREHOUSE COMPANY, a)
California corporation, for)
Order Approving and Authorizing)
the Issuance of Shares, Order)
Authorizing the Assumption of)
Secured Promissory Note Secured)
by Deed of Trust, Order)
Authorizing the Execution of)
Unsecured Promissory Note, and)
Order Authorizing the Borrowing)
of Money and Execution of)
Secured Promissory Notes and)
Deed of Trust.)

Application No. 49593
Filed August 7, 1967

O P I N I O N

This is an application for an order of the Commission authorizing Pacific Compress & Warehouse Company (a) to issue 10,600 shares of its \$1 par value capital stock, (b) to assume the payment of \$568,728.38 of indebtedness, (c) to execute a Deed of Trust and a Security Agreement and (d) to issue notes in the aggregate principal amount of \$379,000.

Applicant is a California corporation engaged in the operation of a public cotton compress and warehouse business in the County of Fresno. For the fiscal year ended June 30, 1966, it reports operating revenues of \$466,904.32 segregated between public utility and nonutility revenues in respective amounts of \$208,721.57 and \$258,182.75. The company's reported net income for the fiscal year is \$48,251.32. Exhibit A, attached to the

application, shows total assets for the company at June 30, 1966 of \$454,795.87, offset by liabilities aggregating \$221,357.16, capital stock of \$45,600 and retained earnings amounting to \$187,838.71.

Pursuant to authority granted by Decision No. 46342, dated October 30, 1951, in Application No. 32772, applicant issued \$35,000 aggregate par value of its capital stock. It appears that on April 14, 1958, the utility issued an additional \$10,600 aggregate par value of its capital stock as a stock dividend inadvertently without first obtaining Commission authority. The company now seeks authority to issue such \$10,600 aggregate par value of capital stock.

The application shows that the land and improvements where applicant's public compress and warehouse facilities are situated are being leased to it by Weldon Rogers of Atlanta, Georgia. The utility proposes to purchase said properties for a price of \$635,000 payable, in part, by assuming the unpaid balance of \$568,728.38 on an existing 7% note in the original principal amount of \$750,000 secured by a Deed of Trust encumbering the properties. Said note provides for repayment of principal and interest in 34 semi-annual installments of \$37,500 each and a final installment of \$37,417.26. The \$66,271.62 remaining balance of said purchase price will be represented by a \$47,271.62 Certificate of Deposit due April 1, 1968, together with a \$19,000 unsecured note repayable in five annual installments and bearing interest at the rate of 6-1/4% per annum.

For the purpose of obtaining funds to be applied toward meeting the down payment and reducing substantially said \$568,728.38 unpaid balance plus accrued interest, applicant proposes to issue three notes to be secured by a Deed of Trust and a Security Agreement, and the Deed of Trust pertaining to the indebtedness to be assumed will be subordinated. Said three notes will bear interest at the rate of 7-1/4% per annum payable quarterly and will be in favor of the following in the indicated respective amounts:

Security First National Bank	\$110,000
Pierce National Life Insurance Company	200,000
Otto Goedecke Profit-Sharing Trust	<u>50,000</u>
Total	<u>\$360,000</u>

Principal on the \$110,000 note will be repayable in two annual installments of \$40,000 each and one annual installment of \$30,000. The \$200,000 note will be repayable as to principal in 27 quarterly installments of \$7,143 each and a 28th installment of \$7,139. The \$50,000 note will be repayable as to principal in 27 quarterly installments of \$1,786 each and a 28th installment of \$1,778.

The Commission has considered the above-entitled matter and finds that: (1) applicant inadvertently issued 10,600 shares of its capital stock without first obtaining Commission authority; (2) the money, property or labor to be procured or paid for by the issue of the stock and notes herein authorized is reasonably required for the purposes specified herein; (3) such purposes are not, in whole or

in part, reasonably chargeable to operating expenses or to income; and (4) the proposed documents and assumption of indebtedness will not be adverse to the public interest.

On the basis of the foregoing findings we conclude that: (1) 10,600 shares of applicant's capital stock are void and (2) the application should be granted with the understanding that applicant will issue new shares of capital stock to replace the void shares. A public hearing is not necessary. The action taken herein shall not be construed as a finding of the value of the properties to be acquired.

O R D E R

IT IS ORDERED that:

1. Pacific Compress & Warehouse Company, on or after the effective date hereof and on or before December 31, 1967, may issue not exceeding 10,600 shares of its capital stock for the purpose of replacing a like number of shares issued without Commission authorization as a stock dividend.

2. Pacific Compress & Warehouse Company, on or after the effective date hereof and on or before December 31, 1967, may assume the payment of an outstanding indebtedness in the amount of not exceeding \$568,728.38 plus accrued interest, which indebtedness is represented by a note in the original principal amount of \$750,000, a copy of which is attached to the application as a part of Exhibit C.

3. Pacific Compress & Warehouse Company, on or after the effective date hereof and on or before December 31, 1967, for the purposes specified in this proceeding, may execute and deliver a Deed of Trust and a Security Agreement and may issue notes in the aggregate principal amount of \$379,000, which documents shall be in the same form, or in substantially the same form, as those attached to the application.

4. Pacific Compress & 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.

5. This order shall become effective when Pacific Compress & Warehouse Company has paid the fee prescribed by Section 1904(b) of the Public Utilities Code, which fee is \$379.

Dated at San Francisco, California, this 15th day of AUGUST, 1967.

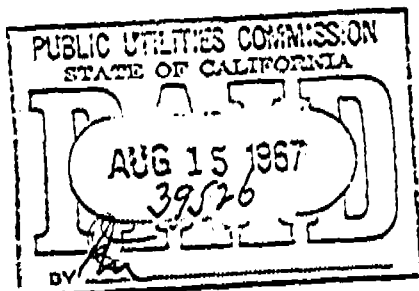
William M. Bennett
President

A. W. Gato

William M. Bennett

Fred P. Morrissey
Commissioners

WILLIAM M. BENNETT
A. W. GATOV
WILLIAM SYMONS, JR.
FRED P. MORRISSEY
Commissioners



Commissioner Peter E. Mitchell, being necessarily absent, did not participate in the disposition of this proceeding.