

Decision No. 77747

ORIGINAL

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of)	
METROPOLITAN WAREHOUSE COMPANY, a)	Application No. 52162
California corporation, for an Order)	Filed August 24, 1970
Authorizing the Issuance of Stock.)	

O P I N I O N

Metropolitan Warehouse Company seeks an order of the Commission authorizing it to issue one-eighth of one share of its \$100 par value common stock for a total consideration of \$25,000.

Applicant is a California corporation operating as a public utility warehouseman in the City of Los Angeles. In addition, the company performs public trucking services in connection with its warehousing services. A summary of its reported assets, liabilities and capital as of May 31, 1970, obtained from Exhibit A, attached to the application, is as follows:

<u>Assets</u>	
Current assets	\$388,051
Fixed assets less accumulated depreciation	219,278
Other assets	<u>22,373</u>
Total	<u>\$629,702</u>

<u>Liabilities and Capital</u>	
Current liabilities	\$159,310
Other liabilities	95,688
Common stock	300
Paid-in capital	62,153
Retained earnings	<u>312,251</u>
Total	<u>\$629,702</u>

The application shows that the company originally issued three shares of its \$100 par value common stock and subsequently redeemed two and one-half of said shares, leaving one-half share outstanding at the present time. In this connection we direct applicant's attention to the fact that the applicable Uniform System of Accounts for Public Utility Warehousemen and Motor Carriers of Property require the par value of retired or cancelled stock to be deducted from the common capital stock account.

The utility proposes to issue one-eighth of one share of its common stock for a total consideration of \$25,000 to be paid at least \$5,000 in cash with the balance to be represented by a note bearing 10% per annum interest, payable monthly. The principal is to be repaid in annual installments of \$2,500 for five years, whereupon the remaining principal plus accrued but unpaid interest will become due and payable. The common stock will be issued for the purpose of enabling applicant to discharge \$25,000 of obligations incurred for working capital and owing to its present sole shareholder, which obligations are evidenced by demand promissory notes.

It appears that in the near future applicant intends to convert the resulting five-eighths share of outstanding common capital stock into 400 shares, which would result in \$40,000 aggregate par value of outstanding common stock.

After consideration the Commission finds that: (1) the proposed stock issue is for a proper purpose; (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 the foregoing findings we conclude that the application should be granted. A public hearing is not necessary. The authorization herein granted is for the purpose of this proceeding only and is not to be construed 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. Metropolitan Warehouse Company, on or after the effective date hereof and on or before December 31, 1970, for the purpose specified in this proceeding, may issue not exceeding one-eighth of one share of its common stock for a total consideration of \$25,000 upon the terms and conditions set forth in the application.

2. Metropolitan 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.

3. This order shall become effective when Metropolitan Warehouse Company has paid the minimum fee prescribed by Section 1904.1 of the Public Utilities Code, which fee is \$50.

Dated at San Francisco, California, this 22nd, day of SEPTEMBER, 1970.

[Handwritten Signature]

Chairman

[Handwritten Signature]

Commissioners

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

Commissioner Thomas Moran, being necessarily absent, did not participate in the disposition of this proceeding.

