

ORIGINAL

Decision No. 79824

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of:)

(a) PUBLIC DISTRIBUTION CORPORATION,)
 for authority to issue shares of its)
 common capital stock pursuant to)
 Section 816-830 of the California)
 Public Utilities Code;)

(b) PUBLIC DISTRIBUTION CORPORATION,)
 to purchase, and FLOUR, INC., a corpo-)
 ration, to sell prescriptive warehouse)
 operating authority and property, pur-)
 suant to Section 851-853, et seq., and)
 Section 1052 of the California Public)
 Utilities Code;)

(c) PUBLIC DISTRIBUTION CORPORATION,)
 to operate as a public warehouseman at)
 Vernon, California;)

(d) FLOUR, INC., a corporation, for)
 authorization to cease operations at)
 Vernon, California; and)

(e) FLOUR, INC., a corporation, for)
 authority to acquire all issued and)
 outstanding capital stock of PUBLIC)
 DISTRIBUTION CORPORATION, pursuant to)
 Section 852 of the California Public)
 Utilities Code.)

Application No. 53146
 Filed February 11, 1972

O P I N I O N

Flour, Inc. seeks an order of the Commission authorizing it to sell and transfer its prescriptive operative right as a public utility warehouseman and related assets to, and to acquire all the capital stock of, Public Distribution Corporation, and the latter seeks authority to issue 120 shares of its no par value capital stock at a stated value of \$100 per share.

Flour, Inc. is a California corporation operating as (1) a highway common carrier of specified commodities in southern California pursuant to the certificate of public convenience and necessity granted by Decision No. 56591, dated April 22, 1958, as amended, in Application No. 36231, and (2) a public utility warehouseman at Vernon pursuant to the prescriptive operative right set forth in the Order dated June 6, 1960, in Case No. 6516. Operations are also conducted under permits issued by this Commission and under Interstate Commerce Commission authority.

Public Distribution Corporation is a California corporation incorporated on or about September 16, 1971. It proposes to acquire said warehouseman prescriptive operative right and related assets, subject to liabilities, in exchange for a demand note in the principal amount of \$46,100 and 120 shares of its no par value capital stock at a stated value of \$100 per share. Its pro forma balance sheet is summarized from Exhibit B, attached to the application, as follows:

<u>Assets</u>	
Fixed assets	\$12,980
Current assets	32,880
Other assets	<u>26,220</u>
Total	<u>\$72,080</u>
<u>Liabilities</u>	
Notes payable	\$47,300
Other current and accrued liabilities	12,780
Capital stock	<u>12,000</u>
Total	<u>\$72,080</u>

The application indicates that Public Distribution Corporation has available to it under long-term lease suitable warehouse facilities at 4219 N. Produce Plaza in Vernon, California.

After consideration the Commission finds that:

1. The proposed transfer would not be adverse to the public interest.
2. The proposed stock issue is for a proper purpose.
3. 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, which 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 action taken herein shall not be construed as a finding of the value of the properties to be transferred, nor as indicative of amounts to be included in proceedings for the determination of just and reasonable rates.

Although the prayer does not specifically seek authority to change rates, the application shows that the transferee contemplates adopting a "tariff, naming rates and rules . . . that are the same as, or similar to those as set forth in California Warehouse Tariff Bureau, Warehouse Tariff No. 28-A, Cal. P.U.C. 193, Jack L. Dawson, Agent, including all supplements thereto;" In Application No. 51641, filed on January 22, 1970, as amended on April 15, 1970, transferor herein had sought similar authority, and by Decision No. 77730, dated September 15, 1970, although granting a partial rate increase, the Commission withheld authorizing the company to adopt the "Dawson" tariff. On December 22, 1970, transferor herein filed Amended Application No. 51641 requesting further rate increases, which the Commission granted by Decision No. 78613, dated April 27, 1971, the opinion thereof containing a paragraph reading as follows:

"Applicant states that since the issuance of Decision No. 77730 it has concluded that it should accomplish a thorough revision of its tariff. For that purpose it is undertaking an extensive study of its warehousing operations. Pending the completion of said studies and of the proceedings by which the intended tariff revisions may be effected, it seeks increases in its accessorial rates and charges in order that its revenues from its warehousing operations in the meantime will approximate the costs thereof."

This transfer and stock issue application is not the proper proceeding for further consideration of changes in applicable tariffs.

O R D E R

IT IS ORDERED that:

1. On or before June 30, 1972, Flour, Inc. may sell and transfer, and Public Distribution Corporation may purchase and acquire, the prescriptive operative right and assets referred to in the application.
2. Public Distribution Corporation, on or after the effective date hereof and on or before June 30, 1972, in acquiring said prescriptive operative right and assets, subject to liabilities, may issue and sell not exceeding 120 shares of its no par value capital stock at a stated value of \$100 per share.
3. Flour, Inc. may acquire the shares of capital stock authorized by Ordering Paragraph No. 2 hereof.
4. Public Distribution Corporation shall file with the Commission the report required by General Order No. 24-B, which order, insofar as applicable, is hereby made a part of this order.

5. Within thirty days after the consummation of the transfer herein authorized, Public Distribution Corporation 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.

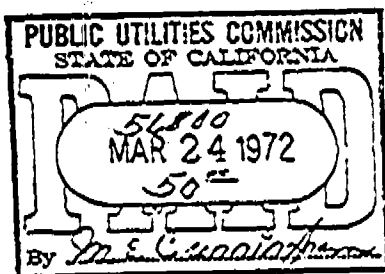
6. Public Distribution Corporation shall amend or reissue the tariffs on file with the Commission, naming rates and rules governing the warehouse operations herein to show that it has adopted or established, as its own, said rates and rules. The tariff filings shall be made effective not earlier than 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. Failure to comply with and observe the provisions of General Order No. 61-A may result in a cancellation of the operating authority acquired pursuant to this decision.

7. Concurrently with the effective date of the tariff filings required by Ordering Paragraph No. 6 hereof, the prescriptive operative right as a public utility warehouseman set forth in the Order dated June 6, 1960, in Case No. 6516, is hereby restated for Public Distribution Corporation, as more particularly set forth in Appendix A attached hereto.

8. Within thirty days after the transfer herein authorized is consummated, Public Distribution Corporation shall file a written acceptance of the prescriptive operative right herein restated. Public Distribution Corporation is placed on notice that, if it accepts the prescriptive operative right herein restated, it will be required, among other things, to file annual reports of its operations.

9. This order shall become effective when Public Distribution Corporation has paid the minimum fee prescribed by Section 1904.1 of the Public Utilities Code, which fee is \$50. In the event that Public Distribution Corporation does not pay said fee within twenty days after the date hereof, the application herein is hereby dismissed without prejudice to the filing of a new application which would not include rate change considerations in a transfer proceeding.

Dated at San Francisco, California,
this 21st day of MARCH, 1972.



[Signature] Chairman
William J. Simon
[Signature]
Vernon L. Stinger
[Signature] Commissioners

Public Distribution Corporation, by the prescriptive right restated in the decision noted in the margin, is authorized to operate as a public utility warehouseman as defined in Section 239(b) of the Public Utilities Code for the operation of storage or warehouse floor space as follows:

<u>Location</u>	<u>Number of Square Feet of Floor Space</u>
Vernon	180,000

(The floor space shown 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. 79824, Application No. 53146.