

ORIGINAL

Decision No. 82808

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of
 TRAVIS WAREHOUSE, INC. (a corporation
 doing business as WESTERN WAREHOUSE
 COMPANY), and FORT SUTTER WAREHOUSE
 CO., a corporation, for authorization
 to transfer, and of CALIFORNIA
 DISTRIBUTION CENTERS, INC., a
 corporation, for authorization to
 acquire, public utility warehouseman
 operating rights and properties; and
 of CALIFORNIA DISTRIBUTION CENTERS, INC.,
 for authorization to issue securities.

Application No. 54764
 (Filed March 29, 1974)

O P I N I O N

Travis Warehouse, Inc., doing business as Western Warehouse Company, and Fort Sutter Warehouse Co. seek authority to sell and transfer their public utility warehouseman prescriptive operative rights and related assets to California Distribution Centers, Inc., and the latter seeks authority to issue 5,600 shares of its \$10 par value common stock and \$58,000 aggregate principal amount of its debentures.

Travis Warehouse, Inc. and Fort Sutter Warehouse Co. are California corporations operating as public utility warehousemen in Sacramento under prescriptive operative rights. California Distribution Centers, Inc. is a California corporation incorporated on February 5, 1974.

Pursuant to an Agreement, a copy of which is attached to the application as Exhibit A, California Distribution Centers, Inc. proposes to acquire from Travis Warehouse, Inc. and Fort Sutter Warehouse Co. their public utility warehousemen prescriptive

operative rights, equipment and furniture having a book value of \$83,344, and \$30,656 cash, in exchange for \$56,000 aggregate par value of its common stock and \$58,000 aggregate principal amount of its debentures. The debentures would bear interest at the prime rate established by Well Fargo Bank, but not to exceed 10% per annum, and would mature in four successive years, beginning six years after the consummation of the transfer. The stock would be issued equally to each of the two companies.

A pro forma balance sheet of California Distribution Centers, Inc., giving effect to the proposed transactions, as summarized from Exhibit C to Exhibit A, attached to the application, is as follows:

<u>Assets</u>	
Cash	\$ 30,656
Equipment and Furniture	83,344
Total	<u>\$114,000</u>
<u>Liabilities</u>	
Debentures	\$ 58,000
Capital Stock	56,000
Total	<u>\$114,000</u>

The application indicates that California Distribution Centers, Inc. would operate the warehouse facilities presently operated by Travis Warehouse, Inc. and Fort Sutter Warehouse Co., and that the proposed transactions are expected to improve operating efficiency.

After consideration the Commission finds that:

1. The proposed transactions would not be adverse to the public interest.
2. The proposed stock and debentures would be for proper purposes.

3. The money, property or labor to be procured or paid for by the stock and debentures herein authorized is reasonably required for the purposes specified herein, which purposes are not, in whole or in part, reasonably chargeable to operating expenses or to income.
4. With reasonable certainty the project involved in this proceeding will not have a significant effect on the environment.

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.

The order which follows will provide for, in the event the transfers are completed, the revocation of the prescriptive rights presently held by Travis Warehouse, Inc. and Fort Sutter Warehouse Co. and the issuance of a certificate in appendix form to California Distribution Centers, Inc.

California Distribution Centers, Inc. is placed on notice that operative rights, as such, do not constitute a class of property which may be capitalized or used as an element of value in rate fixing for any amount of money in excess of that originally paid to the State as the consideration for the grant of such rights. Aside from their purely permissive aspect, such rights extend to the holder a full or partial monopoly of a class of business. This monopoly feature may be modified or canceled at any time by the State, which is not in any respect limited as to the number of rights which may be given.

O R D E R

IT IS ORDERED that:

1. On or before September 30, 1974, Travis Warehouse, Inc. and Fort Sutter Warehouse Co. may sell and transfer the operative rights and property referred to in the application to California Distribution Centers, Inc. The transfers may be made effective as of March 1, 1974, for accounting purposes.
2. On or after the effective date hereof and on or before September 30, 1974, California Distribution Centers, Inc. may issue not exceeding 5,600 shares of its \$10 par value common capital stock, at par, and not exceeding \$58,000 aggregate principal amount of debentures, in the manner and for the purposes set forth in the application.
3. California Distribution Centers, Inc. 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.
4. Within thirty days after the transfers, California Distribution Centers, Inc. shall file with the Commission written acceptance of the operative rights and a true copy of the bill of sale or other instrument of transfer.
5. California Distribution Centers, Inc. shall amend or reissue the tariffs on file with the Commission, naming rates and rules governing the warehouse operations transferred to show that it has adopted or established, as its own, the 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 transfers. 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-Series. Failure to comply with the provisions of General Order No. 61-Series may result in a cancellation of the operating authority granted by this decision.

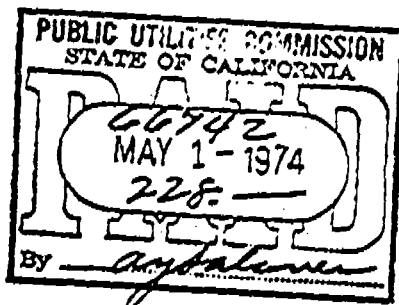
6. In the event the transfers authorized in paragraph 1 are completed, effective concurrently with the effective date of the tariff filings required by paragraph 5, a certificate of public convenience and necessity is granted to California Distribution Centers, Inc., authorizing it to operate as a public utility warehouseman, as defined in Section 239(b) of the Public Utilities Code, for the operation of storage or warehouse floor space set forth in Appendix A, attached hereto and made a part hereof.

7. The certificate of public convenience and necessity granted in paragraph 6 of this order shall supersede the prescriptive rights herein considered, which are revoked effective concurrently with the effective date of the tariff filings required by paragraph 5.

8. California Distribution Centers, Inc. shall maintain its accounting records in conformance with any applicable Uniform System of Accounts or Chart of Accounts as prescribed or adopted by this Commission, and each year shall file with the Commission an annual report of its operations in such form, content, and number of copies as the Commission, from time to time, shall prescribe.

9. This order shall become effective when California Distribution Centers, Inc. has paid the fees prescribed by Sections 1904(b) and 1904.1 of the Public Utilities Code, which fees are \$116 and \$112, respectively, or a total of \$228.

Dated at San Francisco, California, this 30th day of APRIL, 1974.



President
William J. ...
Commissioners
[Signature]

Commissioner Vernon L. Sturgeon, being necessarily absent, did not participate in the disposition of this proceeding.

California Distribution Centers, Inc., by the certificate of public convenience and necessity granted 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>
Sacramento	147,000

(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. 82808, Application No. 54764.