

ORIGINAL

LRA

Decision No. 15787.

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of)
SAN JOAQUIN COMPRESS and WAREHOUSE)
COMPANY,)
a corporation, for an order authori-)
zing the issuance of two hundred and)
fifty (250) additional shares of the)
capital stock at par, to-wit:)
\$100.00.)

Application No. 11,179

Wiley and Harvey, by
T. N. Harvey, for applicant.

BY THE COMMISSION:

O P I N I O N

In this application, as amended at the hearing held before Examiner Fankhauser, the Railroad Commission is asked to make an order authorizing San Joaquin Compress and Warehouse Company to execute a lease contract for the purchase of compress equipment and to issue \$25,000. of its common stock in addition to the \$75,000. of stock heretofore authorized to be issued by Decision No. 14,002, dated August 30, 1924, in Application No. 10,364.

In Application No. 10,364, filed with the Commission on August 8, 1924, the company reported that it had an option to purchase, for \$10,000., twenty-two acres of land in Bakersfield upon which it intended to erect a warehouse and cotton compress, and it asked permission to issue and sell \$75,000. of stock, at par, to finance in part the cost thereof. The company's request was granted by Decision No. 14,002.

The present application shows that the company has acquired the land and has proceeded with the erection of the compress plant and warehouse and the grading and construction of spur tracks thereto, it being estimated that the work will be completed in time to take care of this year's cotton crop. It is reported however that the \$75,000. obtained through the issue and sale of the stock authorized by Decision No. 14,002 is inadequate to meet the expenditures necessary for its construction work and for that reason it has been decided to issue an additional \$25,000. of stock, applicant reporting that it has found it necessary to provide \$10,000. for the land, \$75,000. for the compress and warehouse buildings and equipment and \$15,000. for working capital.

Applicant reports that arrangements have been made for the sale of the \$25,000. of stock applied for herein at par, without deduction for brokerage or commission, payment to be made upon the call, or calls, of the Board of Directors as money is needed to proceed with the construction work.

While we have no objection to this method of payment it is to be understood that no stock may be issued until fully paid for.

A contract and agreement have been made with the Webb Press Company, Ltd., of Minden, Louisiana, for the purchase by applicant for \$42,000. of compress equipment consisting of a standard eighty inch 2,000 ton high density press of the latest design, such as are said to be in use throughout the cotton states. Under the agreement \$17,000. of the purchase price is to be paid in cash upon presentation of the bills-of-lading showing that shipment has been made and \$25,000. is to be evidenced by six percent notes maturing as follows:-

January 1, 1926 - \$2,500.	May 1, 1926 - \$2,500.
January 1, 1927 - \$2,500.	May 1, 1927 - \$2,500.
January 1, 1928 - \$2,500.	May 1, 1928 - \$2,500.
January 1, 1929 - \$2,500.	May 1, 1929 - \$2,500.
January 1, 1930 - \$2,500.	May 1, 1930 - \$2,500.

The contract and agreement indicate that the notes are to be a first claim against the entire compress plant, buildings and ground and are to be secured by a first mortgage deed of trust on such properties, said notes and security to be executed by applicant upon the arrival of the compress.

We believe that the issue of the notes and the execution of the deed of trust securing them should be authorized by the Commission. A copy of the deed of trust has not been filed and the Commission therefore cannot at this time authorize its execution. The order herein will permit the issue of stock and notes in the amount applied for.

Hereafter, upon the filing by applicant of a copy of its proposed deed of trust in satisfactory form the Commission will make its supplemental order authorizing its execution.

ORDER

San Joaquin Compress and Warehouse Company having applied to the Railroad Commission for permission to issue stock and notes, a public hearing having been held and the Commission being of the opinion that the money, property or labor to be procured or paid for by such issue and sale is reasonably required for the purposes specified herein and that the expenditures for such purposes are not, in whole or in part, reasonably chargeable to operating expenses or to income,

IT IS HEREBY ORDERED that San Joaquin Compress and Warehouse Company be, and it hereby is, authorized to issue and sell, at not less than par for cash, \$25,000. of its common capital stock and to use the proceeds to finance in part the cost of the construction work referred to in the foregoing opinion.

IT IS HEREBY FURTHER ORDERED that San Joaquin Compress and Warehouse Company be, and it hereby is, authorized to execute its six percent notes in the aggregate face amount of \$25,000. payable as indicated in the foregoing opinion, for the purpose of financing in part the cost of the compress

equipment, such notes to be issued pursuant to the terms of the contract and agreement, dated April 14, 1925, between applicant and Webb Press Company, Ltd., of Minden, Louisiana.

The authority herein granted is subject to the following conditions:

- (1) Under the authority herein granted no stock may be issued until fully paid for.
- (2) Upon the filing by applicant of a copy of its proposed deed of trust in satisfactory form the Commission will, by supplemental order authorize its execution to secure the payment of the \$25,000. of notes herein authorized to be issued.
- (3) San Joaquin Compress and Warehouse Company shall keep such record of the issue, sale and delivery of the stock herein authorized and of the disposition of the proceeds as will enable it to file on or before the 25th day of each month a verified report, as required by the Railroad Commission's General Order No. 24, which order in so far as applicable, is made a part of this order.

(4) The authority herein granted to issue stock will become effective upon the date hereof, but the authority granted to issue notes will become effective only when applicant has paid the minimum fee prescribed by Section 57 of the Public Utilities Act, which fee is \$25. Under the authority granted, however, no stock or notes may be issued subsequent to June 30, 1926, unless hereinafter provided.

DATED at San Francisco, California, this 16th day of July, 1925.

PAID
FEE \$ 25 ⁰⁰/₁₀₀
A. M. [Signature]

C. S. Seaver
George W. Squires
Edward [Signature]

Commissioners.