

DEM

Decision No. 17219.

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of  
STANISLAUS COUNTY FARMERS' UNION,  
a corporation, for an order author-  
izing issue of notes and mortgages  
to secure same.

ORIGINAL

Application No. 13065

Griffin, Boone & Boone, for applicant.

BY THE COMMISSION:

O P I N I O N

In this proceeding Stanislaus County Farmers' Union asks the Railroad Commission to make an order authorizing it to execute three mortgages on certain real property and three chattel mortgages on certain personal property and to issue three one year seven percent notes in the aggregate face amount of \$18,000.00.

The application shows that Stanislaus County Farmers' Union was organized on or about March 28, 1917, and "that the applicant is an incorporated, co-operative, non-profit association, engaged in the business of acquiring and furnishing the means and facilities to its members by which its members may market and dispose of the products of their farms in such manner as to yield the best returns, and providing its members means by which they may purchase and obtain their goods, equipment and supplies at reasonable cost." It appears, however, that applicant's warehouse is open to the public and that it has had on file with this Commission since January 22, 1919, its tariff of rates covering its storage service. For a further descrip-

tion of the operations, reference is made to the Commission's Decision No. 7890, dated July 22, 1920. (Volume 18, Opinions and Orders of the Railroad Commission of California, page 590.)

It appears that the company is the owner of two iron-clad warehouses located in Modesto, situated on land leased from the Southern Pacific Railroad Company and that it is engaged in a general storage business, storing grain and dried fruits; also retailing feed, seeds and farm supplies, cleaning and grinding grain; handling green fruit and preparing it for shipment and aiding in the marketing thereof. In Exhibit "B" it reports a general description of its property as follows:-

Office equipment

Appraised value April 1, 1922 . . . . .	\$542.50	
Reserve for depreciation . . . . .	252.38	
Present net value . . . . .		\$ 290.12

Consisting of safe, adding machine, desks, chairs, files and miscellaneous office equipment.

Warehouse equipment.

Appraised value April 1, 1922 . . . . .	2,700.00	
Additions . . . . .	3.00	
	<u>2,703.00</u>	
Reserve for depreciation . . . . .	1,232.42	
Present net value . . . . .		1,470.58

Consisting of scales, hand trucks, grain stacking machinery, bins, counters, and other miscellaneous warehouse equipment.

Truck equipment.

Appraised value April 1, 1922 . . . . .	700.00	
Reserve for depreciation . . . . .	700.00	
Present net value . . . . .		-

Consisting of one Ford truck which is still in use.

Cleaning and grinding equipment.

Appraised value April 1, 1922 . . . . .	5,250.00	
Reserve for depreciation . . . . .	2,441.25	
Present net value . . . . .		2,808.75

Consisting of barley mill, bean cleaner, boiler and other machinery.

Buildings.

Appraised value April 1, 1922 . . . . .	13,500.00	
Reserve for depreciation . . . . .	1,559.25	
Present net value . . . . .		11,940.75

Consisting of two iron-clad warehouses situated on the land leased from the Southern Pacific Railroad Company.

Total present net value . . . . .	\$16,510.20
Other investments . . . . .	900.00
Current assets . . . . .	11,619.36
Total assets . . . . .	<u>\$29,029.56</u>

Applicant reports that it has outstanding indebtedness evidenced by mortgages on its properties, amounting to \$18,000. consisting of \$14,000. due A. L. Rutherford, S. Spyers, Wm. R. Grotham, J. J. Hardie and D. M. Hackett, and \$4,000.00 due Allen Talbot. It appears that this indebtedness was incurred August 6, 1921, for the purpose of paying amounts borrowed from California National Bank of Modesto to purchase and acquire the property and equipment of the company and to provide working capital.

Applicant now reports that it is unable to pay these sums and that it desires to renew outstanding indebtedness through the issue of three one year seven percent notes, dated June 29, 1926, one note for \$10,000., to be payable to A.L.Rutherford, S. Spyers, Wm. Grothmann and Lola May Hackett, as executrix for the Estate of D.M.Hackett; the second note, for \$4,000. to be payable to Allen Talbot; and the third note for \$4,000., to be payable to J.J.Hardie.

The application shows that the three notes will be secured by three mortgages, covering certain real property and three chattel mortgages covering certain personal property, all of equal priority. Copies of the six instruments are filed with the application as Exhibit "D", and appear to be in satisfactory form.

The Commission has given consideration to the application filed and is of the opinion that this is a matter in which a public hearing is not necessary and that the application should be granted as provided in the order following this opinion.

#### O R D E R

Stanislaus County Farmers' Union having applied to the Railroad Commission for permission to execute mortgages and to issue notes, and the Commission being of the opinion that this

is a matter in which a public hearing is not necessary, and that the application should be granted as herein provided and that the issue of the notes is reasonably required by applicant,

IT IS HEREBY ORDERED that Stanislaus Farmers' Union be, and it is hereby, authorized to execute three mortgages on real property and three chattel mortgages on personal property substantially in the same form as the mortgages filed in this application as Exhibit "D" and to issue its one year seven percent notes in the aggregate face amount of \$18,000., as indicated in the foregoing opinion and in this application, to renew outstanding indebtedness of like amount.

The authority herein granted is subject to the following conditions:-

1. The authority herein granted to execute mortgages is for the purpose of this proceeding only, and is granted only insofar as this Commission has jurisdiction under the terms of the Public Utilities Act, and is not intended as an approval of said mortgages as to such other legal requirements to which said mortgages may be subject.
2. Applicant shall file with the Commission within thirty days after the issue of the notes herein authorized a verified report setting forth the date of issue, names of payees, and terms of the notes, as required by the Railroad Commission's General Order No. 24, which order insofar as applicable, is made a part of this order.
3. The authority herein granted shall become effective upon the date hereof.

DATED at San Francisco, California, this 17 day of August, 1926.

Fee \$20.00  
100

Fred N. Bessler  
ASST. SECRETARY

W. B. ...  
C. ...

Thos. E. ...  
Commissioners.