

LEB

Decision No. 19643.

ORIGINAL

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of)
ONTARIO FEED AND MILLING CO.,)
a corporation, for an order author-) Application No. 14478
izing (1) the issue of their capi-)
tal stock; (2) a mortgage note.)

Leonard P. Fowler, for applicant.

BY THE COMMISSION:

O P I N I O N

The Ontario Feed and Milling Co. asks permission to issue \$200,000.00 of common stock and assume an indebtedness of \$14,900.16.

Applicant was organized on or about December 23, 1925, with an authorized capital stock of \$200,000.00, divided into 2,000 shares of the par value of \$100.00 each. It is engaged in the business of buying and selling, both wholesale and retail, hay, feed, grain and supplies in the City of Ontario. It is also engaged in the business of warehousing, operating under the name of the Ontario Grain & Warehouse Co. in the same location.

The corporation and its predecessor, the co-partnership referred to herein, have been filing annual reports with the Railroad Commission and for the last three years have been reporting revenues

and expenses as follows;-

<u>ITEM</u>	<u>1925</u>	<u>1926</u>	<u>1927</u>
Merchandise sales	\$429,880.22	\$478,140.70	\$543,533.56
Storage revenue	1,279.11	512.79	350.78
Miscellaneous	236.59	75.97	954.12
Total revenue.....	\$431,395.92	\$478,729.46	\$544,838.46
LESS:			
Operating expenses	423,897.09	467,471.76	534,643.10
Net operating revenue.....	\$ 7,498.83	\$ 11,257.70	\$ 10,195.36

It will be observed that the revenue received from storage is nominal in amount, as compared with the revenue from merchandise sales. We believe, however, that even though such storage revenue is nominal, the corporation is engaged in a public utility business and must obtain permission from this Commission to issue stock and notes such as are referred to herein.

It appears that the co-partnership, Ontario Feed & Fuel Co., in 1922 executed a mortgage to secure the payment of an indebtedness of \$27,500.00, such indebtedness being payable in monthly installments of \$165.00. The monthly payments include payment on the principal and interest at the rate of seven and one half per cent per annum. The loan was obtained from the Peoples Mutual Building and Loan Association and is secured by a mortgage on a parcel of land described as the West three hundred twenty-five (325 ft.) feet, Block F, south side Tract, located on the Northeast corner of Plum Avenue and Main Street in the City of Ontario. There is situated on this property a concrete warehouse building consisting of a basement and main floor two hundred twenty feet by sixty feet. (220 ft. x 60 ft.)

The testimony shows that the Ontario Feed & Milling Co. has issued \$90,800.00 of stock under a permit obtained from the Commissioner of Corporations. Of the stock so issued, \$75,000.00 was issued in exchange for properties and the remainder sold for cash. The testimony further shows that the applicant may not issue

any additional stock. The record does not warrant us to make a finding that the money, property or labor to be procured or paid for through the issue of \$200,000. of stock is reasonably required by applicant. The order will permit the issue of \$90,800.00 of stock.

O R D E R

Ontario Feed & Milling Co. having asked permission to issue \$200,000.00 of its common capital stock and assume an indebtedness of \$14,900.16, a public hearing having been held before Examiner Fankhauser and the Railroad Commission being of the opinion that the money, property or labor to be procured and paid for by the issue of \$90,800.00 of stock, is reasonably required by applicant and that the expenditures herein authorized are not in whole or in part reasonably chargeable to operating expenses or to income and that this application insofar as it involves the issue of \$109,200.00 of stock, be denied without prejudice, therefore,

IT IS HEREBY ORDERED as follows;-

1. Ontario Feed & Milling Co. may issue, on or before July 1, 1928, \$90,800.00 of its common stock in exchange for the stock heretofore issued without a permit from the Railroad Commission.
2. Ontario Feed & Milling Co. may assume the balance due (\$14,900.16) on the note and mortgage executed in July, 1922, by the Ontario Feed & Fuel Co. and referred to in this application.
3. This application insofar as it involves the issue of \$109,200.00 of common stock, is hereby denied without prejudice.

4. Ontario Feed & Milling Co. shall file with the Railroad Commission a report showing the amount of stock issued under the authority herein granted and the names of persons to whom such stock was issued, said report to be filed within thirty days after the issue of the stock.

5. The authority herein granted will become effective ten days after the date hereof.

DATED at San Francisco, California, this 20th day of April, 1928.

Leon C. White

Chas. J. Seamy

Edward J. ...

Thos. J. ...

M. A. ...

Commissioners.