

Decision No. 21627

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

ORIGINAL

In the Matter of the Application of)
TAYLOR MILLING COMPANY,)
a California corporation, to sell)
certain properties to the Taylor)
Milling Corporation, a Delaware)
corporation.)

Application No. 15874

Gibson, Dunn and Crutcher, by John P. Crutcher,
for applicant.

BY THE COMMISSION:

O P I N I O N

Taylor Milling Company, applicant in this proceeding, asks the Commission to enter its order authorizing it to sell and transfer all of its properties, business and assets, except its public utility warehouse operative rights, to the Taylor Milling Corporation, a Delaware corporation.

It is of record that the Taylor Milling Company is engaged in the operation of a general feed, grain, milling and fuel business; that it operates a mill at Los Angeles, a mill at Stockton, distributing warehouses at Petaluma and Colton and a retail distributing warehouse in Monrovia; and that incidental to its milling, feed, grain and fuel business, it has been engaged and is now engaged in operating a public utility grain warehouse business. The record shows that the revenues from its public utility warehouse business is less than one percent of the total revenue of applicant.

It is recited that applicant's non-public utility business requires, and from time to time will require, additional financing, which, it is believed, can be more expeditiously and

effectively accomplished by having all of its non-utility business conducted by a foreign corporation. The Taylor Milling Corporation, a Delaware corporation, now owns all of the outstanding stock of Taylor Milling Company. It is proposed in this proceeding that the Taylor Milling Company sell all of its assets, except its right to conduct a public utility warehouse business, to the Taylor Milling Corporation. In consideration of the transfer and conveyance to Taylor Milling Corporation of the business, properties and assets of Taylor Milling Company, the corporation agrees (Exhibit "C") to lease to the company sufficient space and equipment to enable it to conduct said public utility warehouse business.

The testimony submitted shows that the actual lease has not yet been executed. At the hearing had on September 17th before Examiner Fankhauser, neither counsel nor J. Hartley Taylor, President of applicant, were in a position to inform the Commission as to the terms of the lease, except that the properties would be leased to applicant for a reasonable consideration. Mr. Taylor testified that the warehouse in Los Angeles and the warehouse in Stockton and the two warehouses at Colton would be leased to applicant. It appears, however, from his testimony that parts of these buildings would be used by the Taylor Milling Corporation.

We are in this proceeding asked to authorize the transfer of public utility properties to a corporation which is not a party to the application and which cannot, in view of Section 26 of the Public Utilities Act, engage in public utility business in this state. In this connection it should be said, however, that the purchaser has no intention to engage in a public utility business. It appears that the purchaser has agreed to transfer a leasehold interest to the present owner of the properties in order that it might continue in the public

utility warehouse business. We are, however, not informed of the nature or scope of this leasehold interest and are therefore in no position to determine whether it will be in the public interest.

While the segregation of the utility and non-utility properties and business of the Taylor Milling Company may be desirable, the method of segregation, as proposed in this application, does not meet with our approval. It is indeed doubtful that public interest in any event would justify the transfer of these properties, a portion of which have been devoted to public use, to a foreign corporation.

O R D E R

Taylor Milling Company having applied to the Railroad Commission for permission to sell and transfer all of its properties, business and assets, except its public utility warehouse operative rights, to Taylor Milling Corporation, a Delaware corporation, a public hearing having been held and the Commission having considered the request of applicant and being of the opinion that such request should be denied without prejudice, therefore,

IT IS HEREBY ORDERED that this application be, and the same is hereby, denied without prejudice.

IT IS HEREBY FURTHER ORDERED that this order shall become effective ten days after the date hereof.

DATED at San Francisco, California, this 28th day of September, 1929.

Thomas S. Lott
Commissioner
Leon White
Commissioner

Commissioners.