

Decision No. 22275.

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of
 J. C. ALLISON
 (operating a public utility under the
 fictitious name of J.C.Allison Ware-
 house) and San Diego Municipal Ware-
 housing Corporation, Ltd., for an
 order authorizing J.C.Allison to sell
 said public utility to the corporation
 for 1500 shares of its capital stock,
 and for an order authorizing the sale
 and issuance of 500 shares of the cap-
 ital stock of the corporation at par
 for cash.

ORIGINAL

Application No. 16234

Salisbury and McNeil, for applicant.

BY THE COMMISSION:

O P I N I O N

In this proceeding the Railroad Commission is asked to enter its order authorizing J. C. Allison to sell his public utility warehouse properties and business described in the application, to San Diego Municipal Warehousing Corporation, Ltd., and authorizing said corporation to issue 1500 shares (\$150,000.00 par value) of its common capital stock in payment for the aforesaid properties; and further, to authorize said corporation to issue and sell 500 shares (\$50,000. par value) of its common capital stock and use the proceeds to construct a second warehouse.

By Decision No. 20486, dated November 16, 1928 in Application No. 14821 the Commission declared that public convenience and necessity required that J.C.Allison transact the business of a warehouseman in the City of San Diego, and grant^{ed} to him a certificate

to conduct such business.

It appears from the record in the proceeding now before the Commission that J. C. Allison is operating a warehouse known as the J.C.Allison Warehouse at #1265 Harbor Street, San Diego, for the purpose of storing cotton, grain, beans, honey, and other agricultural products.

As of December 31, 1929 the J.C.Allison Warehouse reports its assets and liabilities as follows:-

<u>ASSETS:</u>	
Warehouse building and equipment	\$42,669.43
Cash in bank	9,424.64
Accounts receivable	13,325.84
Total.....	<u>\$65,419.91</u>

<u>LIABILITIES:</u>	
J. C. Allison proprietor's account	\$38,536.49
Notes payable	5,000.00
Accounts payable	663.32
J. C. Allison-Cash advanced	5,499.54
W.L.Honnold-Cash advanced	10,000.00
Reserve for depreciation	1,695.18
Surplus	4,025.38
Total.....	<u>\$65,419.91</u>

The warehouse business of J.C.Allison is being conducted upon property leased from the City of San Diego, under a lease dated August 16, 1929, a copy of which is filed in this proceeding as Exhibit "D". This lease is alleged to have a value in excess of \$100,000.00. It runs for a term of fifty years. While the value seems reasonable for the purpose of this proceeding, we believe that such value should be amortized, as provided in the uniform classification of accounts prescribed by the Railroad Commission.

It is proposed to transfer the lease, together with the warehouse building and improvements and all other property and assets owned or used in connection with the operation of the warehouse, to San Diego Municipal Warehousing Corporation, Ltd. The transfer,

however, is to be made subject to liabilities of \$16,663.32.

The San Diego Municipal Warehousing Corporation, Ltd. is a corporation organized under and by virtue of the laws of the State of California, with its principal place of business in the County of San Diego. The corporation has an authorized stock issue of \$500,000.00 divided into 5,000 shares of the par value of \$100.00. It asks permission to issue \$150,000.00 of this stock to J.C.Allison in payment for the lease and properties which he has agreed to transfer to the corporation. It further asks permission to issue and sell 500 shares (\$50,000.00 par value) of its common capital stock for cash to W. L. Honnold. It intends to use the proceeds received from the sale of this stock to construct a warehouse similar to the one constructed on the property covered by the aforesaid lease. The new building will be of the same type of construction as the present building and will be of approximately the same dimensions, except that a second story will be erected on part of the new building, in which the office of the warehousing corporation will be located. The cost of the new building and its equipment is estimated between \$45,000.00 and \$50,000.00.

The record clearly shows that applicant corporation cannot properly conduct its warehouse business without the construction of the additional new building.

ORDER

J. C. Allison having asked permission to transfer his public utility warehouse properties to San Diego Municipal Warehousing Corporation, Ltd., and such corporation having asked permission to issue 2,000 shares (\$200,000. par value) of its common capital stock, a public hearing having been held before Examiner

Fankhauser and the Commission being of the opinion that the money, property or labor to be procured or paid for by the issue of such 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,

IT IS HEREBY ORDERED that J. C. Allison be, and he is hereby, authorized to sell and transfer on or before June 30, 1930 to the San Diego Municipal Warehousing Corporation, Ltd., the certificate of public convenience and necessity granted by this Commission in Decision No, 20486 dated November 16, 1928, together with the lease filed in this proceeding as Exhibit "D", and his public utility warehouse buildings and business and assets owned or used in connection with the operation of said warehouse.

IT IS HEREBY FURTHER ORDERED that San Diego Municipal Warehousing Corporation, Ltd., be, and it is hereby, authorized to issue on or before June 30, 1930 in payment for the aforesaid properties, 1500 shares (\$150,000.00 par value) of its common capital stock and assume an indebtedness of not exceeding \$16,663.32.

IT IS HEREBY FURTHER ORDERED that San Diego Municipal Warehousing Corporation, Ltd., be, and it is hereby, authorized to issue and sell on or before September 1, 1930, 500 shares (\$50,000. par value) of its common capital stock for the purpose of securing funds to construct an additional warehouse building, such building to be constructed along substantially the same lines and in substantially the same manner as the warehouse now owned by J.C.Allison, except that a second story suitable for office purposes shall be erected on part of the new building.

IT IS HEREBY FURTHER ORDERED that San Diego Municipal Warehousing Corporation, Ltd., 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 insofar as applicable, is made a part of this order, and shall file with the Commission within thirty days after it acquires the aforesaid properties, a certified copy of the deed or other instrument under which it acquires and holds title to said properties.

DATED at San Francisco, California, this 2nd day of ^{April}~~March~~, 1930.

Chas. H. ...

Leon ...
Thos. ...

H. J. ...

Commissioners.