

Decision No. 23907**ORIGINAL**

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of)
 FARMERS NATIONAL WAREHOUSE CORPORATION)
 OF CALIFORNIA for order authorizing) Application No. 17525
 issuance of shares of stock.)

In the Matter of the Application of)
 CALIFORNIA WHARF AND WAREHOUSE COMPANY,)
 a corporation, to sell, and of Farmers)
 National Warehouse Corporation of) Application No. 17526
 California, a corporation, to buy certain)
 warehouses in Merced County.)

In the Matter of the Application of)
 EDWARD L. EYRE & CO.,)
 a corporation, to sell and of Farmers)
 National Warehouse Corporation of) Application No. 17538
 California, a corporation, to buy a cer-)
 tain warehouse in Kings County.)

De Lancey C. Smith, for Farmers National Warehouse
 Corporation of California and Edward L. Eyre
 & Co.

McCutchen, Olney, Mannon & Greene, and Carl I. Wheat
 and Julian P. Beek, for California Wharf and
 Warehouse Company.

BY THE COMMISSION:

O P I N I O N

In the above entitled applications California Wharf
 and Warehouse Company and Edward L. Eyre & Co. ask permission to sell
 certain public utility warehouse properties, located in Merced and
 Kings Counties, to Farmers National Warehouse Corporation of California.
 Farmers National Warehouse Corporation of California asks permission
 to issue 600 shares of its common stock, at and for the sum of
 \$60,000.00, to pay for said warehouse properties and to provide working
 capital.

The applications show that Farmers National Warehouse Corporation of California is a corporation organized under the laws of this state on or about June 13, 1931, with an authorized capital stock of 5000 shares without nominal or par value. The stock it proposes to issue will be owned by Farmers National Warehouse Corporation, of Delaware, a corporation engaged in the business of owning and operating warehouses for the storage of grain and similar products at various points throughout the United States. The stock of Farmers National Warehouse Corporation, of Delaware, is owned by Farmers National Grain Corporation, whose stock in turn is owned by cooperative farming organizations throughout the country. It is operated under the sponsorship of the Federal Farm Board for the purpose of acting as a commercial marketing agency in the movement of grains from the producer to the consumer.

In order to institute the business for which it was organized, Farmers National Warehouse Corporation of California proposes, and has made arrangements, to purchase from Edward L. Eyre & Co., for \$26,000.00, a warehouse located at Corcoran, Kings County, and from California Wharf and Warehouse Company, for \$22,000.00, seven warehouses located at Le Grand, Dickinson, Marguerite, Merced and Planada, all in Merced County. These properties are described in the proceedings as follows:

Edward L. Eyre & Co.

Warehouse on tract of land approximately 100 feet by 450 feet, at Corcoran, leased from The Atchison, Topeka and Santa Fe Railway Company.

California Wharf and Warehouse Company

Warehouse and tract of land approximately 100 feet by 400 feet at Le Grand.

Warehouse and tract of land approximately 200 feet by 400 feet at Dickinson.

Warehouse and tract of land approximately 200 feet by 450 feet at Marguerite.

Warehouse, approximately 100 feet by 150 feet at Merced, on land leased from the Southern Pacific Company.

Warehouse, approximately 50 feet by 150 feet at Merced, on land leased from the Southern Pacific Company.

Warehouse, approximately 60 feet by 150 feet at Planada, on land leased from The Atchison, Topeka and Santa Fe Railway Company.

Warehouse, approximately 50 feet by 250 feet at Le Grand, on land leased from The Atchison, Topeka and Santa Fe Railway Company.

The property at Corcoran, for which the purchaser proposes to pay \$26,000.00, was constructed, according to the record, during 1930 at an actual cost of \$26,385.29. The original cost of the seven Merced properties, to be acquired for \$22,000.00 from California Wharf and Warehouse Company, cannot be ascertained, so it is alleged, for the reason that the records relating thereto were destroyed in the San Francisco fire of April 1906. It appears that no valuations have been made of these properties but that the warehouses are carried on the selling company's books at the following prices:

Merced Warehouse No. 1.....	\$ 7,500
Merced Warehouse No. 2.....	4,000
Le Grand Warehouse No. 1.....	5,000
Le Grand Warehouse No. 2.....	2,000
Dickinson Warehouse.....	3,500
Marguerite Warehouse.....	4,000
Planada Warehouse.....	<u>4,000</u>

Total.....\$30,000

The agreement of sale covering the Corcoran property, filed as Exhibit "B" in Application No. 17538, provides that payment of the \$26,000.00 purchase price be made on or before July 31, 1931 and that if such payment is not made, the seller at its option may

terminate the agreement. It is further provided that the seller will continue the operation of the warehouse ~~for the benefit of the purchaser~~ from and after June 1, 1931, until the approval of the Commission has been secured, and that it shall retain all customers' and storage accounts on May 31, 1931. All 1931 crop storage will be for the account of the purchaser and the purchaser will bear all losses and liabilities arising from the operations after May 31, 1931 and will assume all liability under warehouse receipts issued by the seller for any property in the warehouse at the close of business on May 31, 1931.

The contract for the sale for \$22,000.00 of the seven warehouses of California Wharf and Warehouse Company is contained in three letters filed as Exhibit "C" in Application No. 17526. The contract provides that all customers' and storage accounts on May 31, 1931 will be retained by the seller and that the purchaser will be entitled to all the 1931 crop storage business, will assume all liabilities after June 1, 1931 and also will assume all liability under warehouse receipts issued by the seller representing property stored in the warehouse at the close of business on May 31, 1931. It is provided that in the event the sale is not completed by July 31, 1931, the purchaser will pay, in addition to the purchase price of \$22,000.00, the further sum of \$100.00 a week for every week thereafter until the transaction has been consummated.

It is alleged that by the sale of these warehouse properties, there will be no change in the service rendered to the public and that the purchaser at once will file with this Commission its adoption of the sellers' tariffs. An order granting the applications will be entered.

O R D E R

Applications having been filed with the Railroad Commission for orders authorizing the transfers of warehouse properties and the issue of 600 shares of stock, and the Commission being of the opinion that these are not matters in which public hearings are necessary and that the applications should be granted as herein provided, and that the money, property or labor to be procured or paid for through the issue of the stock is reasonably required for the purposes specified herein, which purposes are not, in whole or in part, reasonably chargeable to operating expense or to income,

IT IS HEREBY ORDERED as follows:

1. California Wharf and Warehouse Company may, on or before August 31, 1931, sell to Farmers National Warehouse Corporation of California, the seven public utility warehouse properties and businesses located at Le Grand, Dickinson, Marguerite, Merced and Planada, Merced County, referred to in the foregoing opinion and described in Application No. 17526, such sale to be in accordance with the terms of the contract filed as Exhibit "C" in Application No. 17526.

2. California Wharf and Warehouse Company upon consummation of the sale of the aforesaid warehouse properties, as herein authorized, and the acquisition and operation of such warehouses by the purchaser as a public utility warehouseman, may cease and desist from the operation of public utility warehouses at the points at which the warehouses so sold are located.

3. Edward L. Eyre & Co. may, on or before August 31, 1931, sell to Farmers National Warehouse Corporation of California the public utility warehouse located at Corcoran, Kings County,

referred to in the foregoing opinion and described in Application No. 17538, such sale to be in accordance with the terms of the agreement filed as Exhibit "B" in Application No. 17538.

4. Edward L. Eyre & Co. upon consummation of the sale of the aforesaid warehouse, as herein authorized, and the acquisition and operation of such warehouse by the purchaser as a public utility warehouseman, may cease and desist from the operation of the public utility warehouse business at Corcoran.

5. Farmers National Warehouse ^{Corporation of California} ~~Company~~ may, on or before September 30, 1931, issue and sell 600 shares of its capital stock at and for the price of \$60,000.00, and may use \$22,000.00 of the proceeds in the purchase of the seven warehouses from California Wharf and Warehouse Company, \$26,000.00 of the proceeds in the purchase of the Corcoran warehouse from Edward L. Eyre & Co. and the balance of the proceeds to provide working capital. *11/7/31*

6. The authority herein granted is subject to the following conditions:

(a) The schedules of rates and charges now on file with the Commission covering service now being given in the warehouses herein authorized to be transferred shall be withdrawn by the present operators, and such schedules shall forthwith be adopted by Farmers National Warehouse Corporation of California.

(b) The prices at which the warehouse properties referred to herein are transferred, shall not be urged before this Commission as a measure of value thereof for the purpose of fixing rates.

(c) Farmers National Warehouse Corporation of California shall keep such record of the issue 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 Commission's General Order No. 24, which order, insofar as applicable, is made a part of this order.

(d) The authority herein granted will become effective upon the date hereof.

DATED at San Francisco, California, this 24th day of July, 1931.

C. Leamy

M. B. Lewis

Fred G. Stewart

Commissioners.