



ion. The amount of the proposed indebtedness also was revised to \$857,220.00.

Heretofore, by Decision No. 23343, dated February 2, 1931, in Applications Nos. 16935 and 16937, the Commission granted Overland Terminal Warehouse Company a certificate of public convenience and necessity to operate not exceeding 150,000 square feet of warehouse space as a public utility warehouseman in the City of Los Angeles at the corner of Ninth and Alameda Streets, and gave it permission to issue and sell 250 shares of common capital stock, at not less than \$100.00 a share, to provide working capital and to finance the cost of warehouse equipment and office furniture and fixtures. The record in the former proceedings showed that it was the intention of the company to conduct its operations in premises to be leased from Los Angeles & Salt Lake Railroad Company, which company would acquire and own all of the warehouse company's outstanding stock. Stock in the amount of \$25,000.00 was issued and \$15,000.00 of the proceeds expended.

It now appears that following the issuance of the Commission's order the railroad company began the construction of a six-story and basement building, of Class A reinforced concrete construction, at the corner of Ninth and Alameda Streets, on properties then owned by it and adjacent to its line of railway. According to Exhibit No. 1 filed in this proceeding the building, which was completed August 25, 1931, has a gross area of 454,000 square feet. Part of the building will be devoted to utility, and part to non-utility business.

The testimony given in support of the present application indicates that it has been decided that the operations of the warehouse company can be conducted more economically if it owns the building, rather than lease it as originally proposed. Arrangements have been made to sell the building to applicant, Overland Ter-

minal Warehouse Company, for \$957,220.00. This amount, it seems, includes \$178,690.00, representing the actual cost to the railroad company of the real properties, which were acquired in 1923 and 1924, and \$778,530.00, representing the actual construction cost of the warehouse building.

Applicant, Overland Terminal Warehouse Company, proposes to finance the purchase of the properties by payment to the railroad company of \$10,000.00 which it obtained from the issue of stock authorized by Decision No. 23343, dated February 2, 1931; by issuing \$90,000.00 of stock to the railroad company at par and by setting up on its books an account payable due the railroad company in the sum of \$857,220.00. On the \$857,220.00 it would pay interest at the rate of five percent per annum payable semi-annually. No note or other evidence of indebtedness will be issued, nor is there any agreement for the repayment of the amount, although it is expected that the sum will be reduced by the warehouse company as its earnings permit.

We do not believe that an account payable such as here proposed, is an indebtedness of the nature specified in Section 52 of the Public Utilities Act. It may, therefore, be incurred by Overland Terminal Warehouse Company and set up on its books without permission from the Commission.

#### ORDER

Application having been made to the Railroad Commission for an order authorizing Overland Terminal Warehouse Company to issue stock, to use stock proceeds and to incur an open book account indebtedness, and authorizing Los Angeles & Salt Lake Railroad Company to acquire the stock of Overland Terminal Warehouse Company,

a public hearing having been held, and the Railroad Commission being of the opinion that the request of applicant, Overland Terminal Warehouse Company, to incur an open book account indebtedness should be dismissed without prejudice for want of jurisdiction, that in other respects the application should be granted, as herein provided, and that the money, property or labor to be procured or paid for through the issue of the 900 shares of stock is reasonably required for the purpose specified herein, which purpose is not, in whole or in part, reasonably chargeable to operating expense or to income,

IT IS HEREBY ORDERED, that

1. Overland Terminal Warehouse Company may issue and sell on or before December 31, 1931, not exceeding 900 shares of its common capital stock at not less than \$100.00 a share for the purpose of paying in part the purchase price of the warehouse building and property referred to in the foregoing opinion, or deliver said stock at par to Los Angeles & Salt Lake Railroad Company in part payment for said properties.
2. The order in Decision No. 23343, dated February 2, 1931, in Applications Nos. 16935 and 16937, is hereby modified so as to permit Overland Terminal Warehouse Company to use \$10,000.00 of the proceeds realized through the issue of the stock authorized by said decision for the purpose of paying in part the purchase price of the aforesaid warehouse building and properties.
3. The order in said Decision No. 23343 shall remain in full force and effect, except as modified by this order.
4. This application insofar as it involves the incurring of an open book account indebtedness be, and it hereby is,

dismissed without prejudice, for want of jurisdiction.

5. Los Angeles & Salt Lake Railroad Company is permitted to purchase, acquire and hold the 900 shares of stock which Overland Terminal Warehouse Company is herein authorized to issue.

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

(a) Overland Terminal Warehouse Company 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 Railroad Commission's General Order No. 24, which order insofar as applicable, is made a part of this order.

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

DATED at San Francisco, California, this 29th day of September, 1931.

C. J. Seavey  
Leon Whelan

M. B. Harris  
Fred G. Stewart

Commissioners.