

Decision No. 25592

**ORIGINAL**

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of )  
GROWERS COLD STORAGE CORPORATION, a )  
corporation, for authorization and )  
permission to issue capital stock )      Application No. 18643  
in exchange for property.            )

Richard J. O. Culver, for applicant.

BY THE COMMISSION:

O P I N I O N

Growers Cold Storage Corporation asks permission to issue \$250,000.00 of its common capital stock or such other amount as the Commission may authorize, in consideration of the proper conveyance and transfer to applicant of the following assets of Growers Cold Storage Company, to-wit: all buildings, supplies, cork insulation, cement foundations, paving, machinery and piping, office equipment, spur tracks, warehouse equipment, prepaid insurance and real estate subject to taxes for the second half of the fiscal year of 1932-1933, and all other taxes and assessments which may be a lien upon said property at the time of such transfer and subject to reservations, rights and restrictions, if any, of record. The real estate is described in Exhibit "C".

The Growers Cold Storage Company was organized as a non-profit corporation. Since 1921 it has been engaged in the operation of a cold storage plant and warehouse located at 51st and Alameda Streets, in the City of Vernon, California. It is of

record that all the interests in said Growers Cold Storage Company are held by Consolidated Produce Company, Ltd. and Hall, Haas and Vessey, corporations organized for profit. These two corporations furnish the greater portion of the products stored in the plant of said company at Vernon. On September 21, 1932 the Commission instituted a proceeding on its own motion for the purpose, among others, of determining whether Growers Cold Storage Company was operating as a public utility in violation of the law. To obviate any question as to the violation of the law, the parties in interest have caused to be organized the Growers Cold Storage Corporation for the purpose of acquiring the foregoing properties of Growers Cold Storage Company. The new company intends to operate as a public utility.

The investment and prepaid accounts of Growers Cold Storage Company are reported in Exhibit "B" as follows:

INVESTMENT ACCOUNTS:

Building.....	\$64,433.94
Cork insulation .....	37,275.00
Cement foundation and paving.....	10,251.75
Machinery and piping.....	43,274.17
Office equipment .....	222.45
Real estate (appraisal).....	90,000.00
Spur track .....	2,500.00
Warehouse equipment .....	4,441.08
Sub-total.....	\$ 252,398.39

PREPAID ACCOUNTS:

Insurance on building.....	\$ 417.04
Insurance N.O.S. ....	55.16
Public liability and Workmen's Compensation.....	356.75
State and local (Taxes (License))	98.40
Warehouse supplies.....	330.46
Stationery and printing.....	302.85
Sub-total.....	\$ 1,560.66

TOTAL.....\$253,959.05

During the course of the hearing, applicant's representatives were advised that E. P. McAuliffe, an assistant engineer for the Commission, made an examination of the real estate which applicant intends to acquire, and that he reported to the Commission that the area of such real estate was approximately 70,567 square feet and that it has a present value of \$35,284.00. Counsel for applicant stated that for the purpose of this hearing they had no objection to such appraisal. An analysis of the vendor's accounts indicates that interest paid from time to time on a \$20,000.00 loan has been charged to fixed capital accounts. The secretary of applicant admitted at the hearing that this was an error and that the investment account should be adjusted accordingly. Making these adjustments in the investment account and assuming that the properties to be transferred are in about a 90 percent condition, leaves a value which justifies the issue of \$176,300.00 of common stock.

#### ORDER

Growers Cold Storage Corporation having asked permission to issue stock in payment for the properties referred to in the foregoing opinion, a public hearing having been held before Examiner Fankhauser and the Commission having considered the record in this proceeding, and being of the opinion that applicant should be permitted to issue \$176,300.00 par value of its common capital stock in payment for the properties referred to in the foregoing opinion, that the money, property or labor to be procured or paid for by the issue of such stock is reasonably required by applicant for the purposes herein stated and that the expenditures for such purposes 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 \$73,700.00 of stock should be dismissed without prejudice, therefore,

IT IS HEREBY ORDERED as follows:-

- (1) Growers Cold Storage Corporation may, on or before April 1, 1933, issue at not less than par, \$176,300.00 par value of its common capital stock in consideration of the proper conveyance and transfer to said applicant of the following assets of Growers Cold Storage Company, to-wit: All buildings, supplies, cork insulation, cement foundations, paving, machinery and piping, office equipment, spur tracks, warehouse equipment, prepaid insurance and real estate subject to taxes for the second half of the fiscal year of 1932-1933, and all other taxes and assessments which may be a lien upon said property at the time of such transfer and subject to reservations, rights and restrictions, if any, of record, said real estate being more particularly described in Exhibit "C" attached to applicant's petition.
- (2) Growers Cold Storage Company is hereby authorized to sell and transfer, on or before April 1, 1933, the aforesaid properties to Growers Cold Storage Corporation.
- (3) This application, insofar as it involves the issue of \$73,700.00 par value of common capital stock, is hereby dismissed without prejudice.
- (4) Growers Cold Storage Corporation shall keep such record of the issue, sale and delivery of the stock herein authorized to be issued, 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.

DATED at San Francisco, California, this 30<sup>th</sup> day of January, 1933.

C. C. Deane  
Leon Whitney  
W. A. ...  
M. B. ...  
A. ...

Commissioners.