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Decision No. 11490.

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA.

In the Matter of the Application of)
GRAY WAREHOUSE COMPANY,)
a corporation, for a certificate auth-) Application Number 8532.
orizing it to issue its securities.)

Drapeau, Orr and Gardner, by H. F. Orr,
for Applicant.

BY THE COMMISSION:

O P I N I O N.

In this application GRAY WAREHOUSE COMPANY asks permission to issue 253 shares of its capital stock of the aggregate par value of \$25,300.00 for the purpose of acquiring certain properties and business.

A public hearing was held before Examiner Williams in Los Angeles on January 5, 1923.

The record shows that applicant was organized on or about November 18, 1922 with an authorized capital stock of \$50,000. divided into 500 shares, of the par value of \$100.00 each. The company reports that it intends to engage in general storage, bean cleaning, walnut processing and merchandise business. It alleges that its activities for the present will be of a non-public utility nature, but that at some future time its operations may be extended and may come under the jurisdiction of the Railroad Commission. For this reason applicant has filed this application for permission to issue stock. It has also filed a similar application with the Commissioner of Corporations.

GRAY WAREHOUSE COMPANY proposes to acquire the property and business now carried on by F. A. Shipley in Santa Paula, Ventura County. It appears that F. A. Shipley on January 15, 1916 leased certain warehouse properties and equipment located in Santa Paula, from Growers Warehouse Company for a period of twenty years, and on January 1, 1922, leased certain other properties and equipment from Santa Clara Valley Walnut Company, also located in Santa Paula and adjacent to those of Growers Warehouse Company, for a period of fourteen years. On December 9, 1922 he assigned these leases, which run for a period of thirteen years, to Wade Gray for \$15,000.00 in cash. Wade Gray, applicant's president, proposes to assign them, together with certain real estate, equipment and merchandise, to applicant for \$25,000.00 in stock. Testimony herein indicates that the two leases provide for a monthly rental of approximately \$125.00, and cover a two story brick warehouse building, and a corrugated iron building located on spur tracks, barley milling, bean cleaning, and walnut processing machinery, dormant and platform scales, warehouse trucks and lighting apparatus.

The real properties to be conveyed to applicant by Wade Gray consist of two lots located in Santa Paula, together with improvements thereon consisting of a hay barn and garage and are estimated to have a value of \$5,000.00. The merchandise turned over to the corporation consists of about \$2,500.00 of agricultural products, and the equipment includes sundry furniture and fixtures and warehouse equipment and supplies, all of an estimated value of approximately \$7,000.

It appears that applicant's business will consist chiefly in the buying, selling and handling of walnuts and beans. It is reported that during 1922 F. A. Shipley received approximately \$200,000. in buying, selling and processing walnuts, \$60,000. for cleaning and merchandising beans and feed and \$2300. for storage. It is said that the net profits for the entire business during 1922 amounted to about \$18,000.

We believe the application should be granted subject to the condition, among others, that Gray Warehouse Company file with the Commission for approval a stipulation duly authorized by its Board of

Directors declaring that it, its successors and assigns will never urge or ask the Railroad Commission, or other public body having jurisdiction to include in a rate base, such an amount of the stock herein authorized as may be issued to acquire, or as may be represented by the leases and non-public utility property to which reference is made in this decision.

O R D E R

GRAY WAREHOUSE COMPANY, having applied to the Railroad Commission for permission to issue \$25,300.00 of stock, a public hearing having been held and the Railroad Commission being of the opinion that the money, property or labor to be procured or paid for by such issue is reasonably required by applicant, and that the petition should be granted, as herein provided,

IT IS HEREBY ORDERED that Gray Warehouse Company be, and it is hereby, authorized to issue at not less than par, \$25,300.00 of its capital stock.

The authority herein granted is subject to the following conditions;-

- (1) \$300.00 of the stock herein authorized shall be sold for cash at par to applicant's incorporators, their successors and assigns and the proceeds used for working capital.
- (2) \$25,000.00 of the stock herein authorized may be delivered to Wade Gray in full payment of the leases, property, merchandise and equipment referred to in the foregoing opinion.
- (3) Applicant shall file with the Railroad Commission for approval, a stipulation duly authorized by its Board of Directors declaring that it, its successors and assigns will never urge the Railroad Commission or other public body having jurisdiction to include in a rate base such an amount of the stock herein authorized as may be issued to acquire, or as may be represented by, the leases

and non-public utility properties referred to in this application.

- (4) The price at which applicant acquires the properties referred to herein shall not be binding on this Commission as a measure of value in fixing rates, or for any purpose other than the issue of stock herein authorized.
- (5) Applicant 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 in so far as applicable, is made a part of this order.
- (6) The authority herein granted to issue stock will become effective upon the approval by the Commission of the stipulation referred to in Condition "3" of this order and will expire on June 15, 1923.

DATED at San Francisco, California, this 12th day of January, 1923.

C. Shaw

Irving Martin

H. W. Lundberg

Egerton Shaw

J. H. Wittberg

Commissioners.