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ORIGINAL

Decision No. _____

Decision No. 2648

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

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In the Matter of the Application
of IMPERIAL GRAIN AND WAREHOUSE
COMPANY for an order authorizing
the sale of its capital stock. }

Application No. 1789

Albert M. Norton for applicant.

LOVELAND, Commissioner.

O P I N I O N

This is an application of Imperial Grain and Warehouse Company for authority to issue 75 shares of its capital stock for the purpose of providing funds for additions and betterments, as hereinafter set forth.

At the present time applicant operates eight warehouses in the Counties of Los Angeles, Imperial and Riverside. All of its outstanding capital stock, amounting to 419 shares out of a total authorized issue of 1,000 shares, is owned by Newmark Grain Company. The latter company former-

ly owned certain of the warehouses now operated by applicant. It sold its interests to Imperial Grain and Warehouse Company under an order of this Commission dated July 13, 1914.

The purposes for which applicant proposes to issue this stock are the rebuilding of a warehouse at El Centro, destroyed by earthquake; enlarging of warehouse at Calipatria, and building of warehouse at Rockwood, all in Imperial County. The estimated cost of these improvements is \$6,000.00. The balance of the proceeds from the sale of stock applicant intends to apply to other improvements not yet fully determined upon.

Witness for applicant stated that proper warehouse facilities in Imperial County have been lacking, and that there is considerable demand on the part of farmers for the construction of new warehouses. The company states that it already has stock subscriptions to the extent of approximately \$1,400 from the farmers ^won the Calipatria district and that it expects about an equal amount of subscriptions in the Rockwood District. The stock not sold to farmers will be taken by Newmark Grain Company.

Applicant's annual report to this Commission for the year ending December 31, 1914, shows that the company has no bonds or notes outstanding. Its net operating revenues for the same period amounted to \$1,165.37 and since the report was rendered the company has declared a dividend of \$2.75 on each share.

A summary of the company's balance sheet as of December 31, 1914, is as follows:

Assets:

Property Account	\$41,893.24	
Due from Newmark Grain Co.	<u>1,172.11</u>	\$43,065.37

Liabilities:

Capital Stock	\$41,900.00	
Undivided Profits	<u>1,165.37</u>	\$43,065.37

Applicant represented that it will require approximately \$1,000.00 to rebuild a warehouse at El Centro recently damaged by earthquake. As this is not a capital purpose for which stock ordinarily may be issued under the terms of the Public Utilities Act, I recommend that this portion of the application be denied without prejudice. The applicant may issue a note for less than one year for this purpose and at the end of the year's period may again bring this portion of the application to the attention of this Commission.

After a consideration of the evidence submitted by applicant I am of the opinion that the request is reasonable and should be granted to the extent hereinbefore set forth and I accordingly submit the following form of order:

O R D E R

Imperial Grain and Warehouse Company having applied to this Commission for authority to issue 75 shares of capital stock of the par value of \$100.00 per share for the purposes hereinbefore set forth;

And it appearing to this Commission that applicant's request is reasonable and should be granted and that the purposes for which said stock is to be issued are not properly chargeable in whole or in part to operating expenses or to income, except as otherwise specified in the foregoing opinion;

IT IS HEREBY ORDERED that Imperial Grain and Warehouse Company be, and it is hereby, authorized to issue 65 shares of its capital stock upon the following conditions, and not otherwise:

1. The stock herein authorized shall be sold so as to net applicant not less than its par value of \$100. per share; 5' x 7

2. The proceeds from the sale of this stock may be used in a sum not to exceed \$5,000.00 for the purposes of enlarging warehouse at Calipatria, and building a warehouse at Rockwood. Before any of the proceeds from the sale of this stock are used for any other purposes, applicant shall secure a supplemental order from this Commission approving such expenditures;

3. The applicant may accept partial payments for the stock to be issued, but such stock shall only be issued after the full par value shall have been received by applicant.

4. Imperial Grain and Warehouse Company shall keep separate, true and accurate accounts showing the receipt and application in detail of the proceeds of the sale of the stock herein authorized to be issued; and on or before the twenty-fifth day of each month, the company shall make verified reports to the Commission stating the sale or sales of said stock during the preceding month, the terms and conditions of the sale, the moneys realized therefrom, and the use and application of such moneys, all in accordance with this Commission's General Order No. 24, which order, in so far as applicable, is made a part of this order.

5. The authority herein granted shall apply only to such stock as shall have been issued on or before December 31, 1915.

The foregoing Opinion and Order are hereby
approved and ordered filed as the Opinion and Order of the
Railroad Commission of the State of California.

Dated at San Francisco, California, this 31st.
day of July, 1915.

Wm. Sheehan
W. H. Ireland
Chas. G. Foster

Commissioners.