

Decision No. ✓

ORIGINAL

Decision No. 2693

BEFORE THE RAILROAD COMMISSION OF THE
STATE OF CALIFORNIA.

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In the matter of the Application of)
LANCASTER FEED AND FUEL COMPANY)
for an order authorizing the issue)
of stock and stock certificates,)
and its promissory note secured by)
mortgage and certain unsecured)
promissory notes.)

Application
No. 1813.

Lawrence L. Larabee for applicant.

DEVLIN, Commissioner.

O P I N I O N.

In this application LANCASTER FEED AND FUEL COMPANY asks authority to issue \$9,000 par value of capital stock; to issue its one year 8% secured promissory note in the principal sum of \$1,000, and to issue unsecured notes for periods of one year or less in the principal sum of \$15,000. Bertha A. Cameron also asks authority to sell a warehouse to Lancaster Feed and Fuel Company.

Applicant proposes to acquire the business and property of T.X. Temple and J.F. Swan, a partnership doing business at Lancaster, under the fictitious name of "Lancaster Feed and Fuel Company". No public utility business was conducted by the partnership. Applicant has also made arrangements to acquire a warehouse from Bertha A. Cameron.

Applicant was incorporated March 9, 1915 with an authorized capital stock of \$25,000 divided into 250 shares of the par value of \$100. each. On June 15, 1915, applicant amended its articles of incorporation so as to permit it to engage in the warehouse business. Applicant is engaged in the business of dealing, at wholesale and retail, in hay, grain, millstuffs, fuel and in conducting a general warehouse business, all at Lancaster, Los Angeles County. The warehouse business which applicant proposes to conduct will be incidental to its other business. It is the intention of applicant to separate as soon as possible its public utility business from its larger business of buying and selling hay, grain, feed, fuel, etc. Subsequent to its incorporation, applicant issued sixty four and one-half shares of stock without authority from this Commission. The officers of the company upon having had their attention called to the violation of the public utilities act, immediately proceeded to cancel the stock illegally issued and ^{to} bring the matter before the Commission.

The property which applicant desires to acquire from Lancaster Feed and Fuel Company, a partnership, and Bertha A. Cameron, is appraised by it at \$9,766.02. In payment for the property to be acquired from the partnership, applicant desires to issue \$9,000 par value of stock. To Bertha A. Cameron applicant desire to issue a one-year 8% promissory note, the payment of which is to be secured by a mortgage covering the warehouse property.

Were this a corporation devoting all, or the major portion, of its property to public utility purposes, I would hesitate to recommend the issuance of stocks and notes in the amounts for which application has been made.

As stated heretofore, applicant has asked authority to issue unsecured notes in the sum of \$15,000. Inasmuch

as applicant desires to issue these notes for periods less than one year, it is not necessary to obtain this Commission's approval. I, therefore, recommend that the application for authority to issue notes in the sum of \$15,000 be dismissed.

I herewith submit the following form of Order:

O R D E R.

Lancaster Feed and Fuel Company having applied to this Commission for authority to issue \$9,000 par value of stock; to issue its one year 8% promissory note to Bertha A. Cameron in payment for a warehouse; to execute a mortgage to secure the payment of said \$1,000 note, and to issue its unsecured note or notes in the sum of \$15,000, said note or notes to be issued for a term of less than one year,

And a public hearing having been held, and it appearing to the Commission that the purposes for which applicant desires to use the proceeds to be obtained from the issuance of the stock and the said \$1,000 note are not in whole or in part reasonably chargeable to operating expenses or to income,

IT IS HEREBY ORDERED that Bertha A. Cameron be, and hereby is, given authority to sell to Lancaster Feed and Fuel Company a public warehouse located at Lancaster, California, and referred to in paragraph three of this application.

IT IS HEREBY FURTHER ORDERED that Lancaster Feed and Fuel Company be and hereby is given authority to issue its capital stock at par in the amount of \$9,000, in payment for the property to be acquired from Lancaster Feed and Fuel Company, a partnership.

IT IS HEREBY FURTHER ORDERED that Lancaster Feed and Fuel Company be, and hereby is, given authority to issue to Bertha A. Cameron its one-year 8% note in the sum of \$1,000, said note to be payable March 15, 1916.

IT IS HEREBY FURTHER ORDERED that Lancaster Feed and Fuel Company be, and hereby is, given authority to secure the note issued to Bertha A. Cameron by a first mortgage on its warehouse property.

IT IS HEREBY FURTHER ORDERED that applicant's request for authority to issue notes in the sum of \$15,000 be dismissed for the reasons stated in the foregoing opinion.

The authority herein granted is granted upon the following conditions and not otherwise:

- (1).-- The value of the property referred to in the foregoing opinion, or the purchase price herein authorized to be paid, shall not be binding upon this Commission, or any other rate fixing body, for rate fixing purposes or otherwise.
- (2).-- The note herein authorized to be issued shall not be issued until applicant shall have filed with this Commission for approval a copy of the mortgage it desires to execute to Bertha A. Cameron.
- (3).-- Within thirty days after the issuance of the stock and note herein authorized to be issued, applicant shall report the facts of such issuance to this Commission.
- (4).-- The authority herein granted shall not become effective until the payment of the public utility fee prescribed by the public utilities act.

(5).- The authority herein granted shall apply only to such stock and such note as may be issued on or before November 30, 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 14th day of August, 1915.

Railroad Commission State of California

RECEIVED
\$25.00
AUG 18 1915
BY J. H. Mathewson
Assistant Secretary.

Max Shelen

Alex Gordon

Francis P. Dehn

Commissioners.