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Decision No. 5558

Decision No. \_\_\_\_\_

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application )  
 of SANTA MARIA VALLEY WAREHOUSE )  
 COMPANY, a corporation, for an order ) Application No. 3884.  
 authorizing the corporation to sell )  
 and issue shares of its capital stock. )

C. L. Preisker, for applicant.

LOVELAND, Commissioner.

O P I N I O N

Santa Maria Valley Warehouse Company asks authority to issue, at par, \$60,000.00 of its common capital stock.

Santa Maria Valley Warehouse Company was organized on or about May 20, 1918, with an authorized capital stock of \$100,000. divided into 1,000 shares of the par value of \$100.00 each. It proposes to construct and maintain a reinforced concrete fire-proof public warehouse in the City of Santa Maria. The warehouse will be built on a tract of land located at the intersection of the tracks of Santa Maria Valley Railroad and Pacific Coast Railroad. In Exhibit "C" attached to the petition herein applicant reports the amount of money necessary to construct and equip its warehouse as follows:

|  |                 |
|--|-----------------|
| Estimated Cost of Warehouse and Spur         |                 |
| Tracks .....                                 | \$37,674.15     |
| Cost of bean cleaning and warehouse          |                 |
| equipment .....                              | 7,196.86        |
| Cost of Real Estate for Warehouse site ..... | 3,000.00        |
| Cost of Office Building and Fixtures .....   | 2,000.00        |
| Working Capital .....                        | 7,500.00        |
| Contingency Fund .....                       | <u>2,628.99</u> |

Total .....\$60,000.00

The testimony shows that applicant has entered into a contract with Marriott and Edwards for the construction of its warehouse and that the contracting firm is in no way interested in the promotion of the warehouse enterprise. The \$7,196.86 representing the estimated cost of bean cleaning and warehouse equipment includes \$5,000.00 for a bean cleaner. Applicant urges that to enable it to conduct its warehouse business properly, the purchase and operation of a bean cleaner is necessary. I believe that applicant should file with the Railroad Commission a stipulation duly authorized by its Board of Directors agreeing that it, its successors and assigns, will never ask the Railroad Commission or other public body having jurisdiction to include in a rate base the \$5,000.00 or such other amount as may be expended for bean cleaning equipment or other non-public utility property.

While applicant has submitted some evidence showing that it will require \$7,500.00 for working capital and that it should be allowed \$2,628.99 for contingencies, I do not regard the showing made, sufficient and conclusive. It occurs to me that an allowance of \$7,500.00 for working capital is somewhat large and that the authority to issue stock for working capital and to meet contingencies should be held in abeyance until applicant has furnished the Commission with a detailed statement showing that it is necessary for it to issue approximately \$10,100.00 of stock for these purposes. Such statement should show what part of the \$10,100.00 applicant intends to use in public utility business and what part, if any, in connection with bean cleaning and other business not of a public

utility nature. The issue of stock for working capital and to meet contingencies, if necessary, will be covered by a supplemental order in this proceeding.

The testimony shows that the Pacific Coast Railroad operates a public warehouse at a point one-half mile north of the place where its line crosses the line of the Santa Maria Valley Railroad; that the Southern Pacific Milling Company operates a public warehouse three-fourths of a mile east of the place where the two railroads intersect; that no public warehouse is located at the intersection of the tracks of the two railroads; that the producers are unable to take advantage of both railroads if their products are stored in either one or the other warehouse now being operated in the City of Santa Maria without transporting the products from one to the other by vehicles; that the Pacific Coast Railroad operates over a narrow gauge track while the Santa Maria Valley Railroad operates over a broad gauge track, which makes it impossible to switch cars from one to the other; that the present warehouse and bean cleaning facilities in Santa Maria are inadequate.

Applicant reports that all the preliminary construction work has been done and that if it is authorized to issue \$60,000.00 of stock it can complete its warehouse before this year's bean crop is harvested. Mr. B. F. Marshall treasurer of Santa Maria Valley Warehouse Company testified that the company has received subscriptions for about \$40,000.00 of its stock and that in his opinion it will be able to sell all of the \$60,000.00 of stock at par.

I herewith submit the following form of Order:

### O R D E R

SANTA MARIA VALLEY WAREHOUSE COMPANY having applied to the Railroad Commission for authority to issue \$60,000.00 of stock, a hearing having been held and the Commission being of the opinion that the money, property or labor to be procured or paid for by the issue of \$49,900.00 of stock <sup>of stock</sup> is reasonably required for the purpose or purposes specified.

in the Order and that the expenditures for such purpose or purposes are not in whole or in part reasonably chargeable to operating expenses or to income;

IT IS HEREBY ORDERED that Santa Maria Valley Warehouse Company, be and it is hereby, granted authority to issue and sell for cash, at not less than par, \$49,900.00 of its common capital stock, upon the following conditions:

1.-The proceeds obtained from the sale of the stock herein authorized shall be used by applicant for the following purposes:-

|   |             |
|---|-------------|
| To construct warehouse and spur track .....                 | \$37,674.15 |
| To acquire bean cleaner and warehouse<br>equipment .....    | 7,196.86    |
| To acquire real estate for warehouse site...                | 3,000.00    |
| To construct office building and purchase<br>fixtures ..... | 2,000.00    |
| Miscellaneous .....   | 28.99       |
| Total .....   | \$49,900.00 |

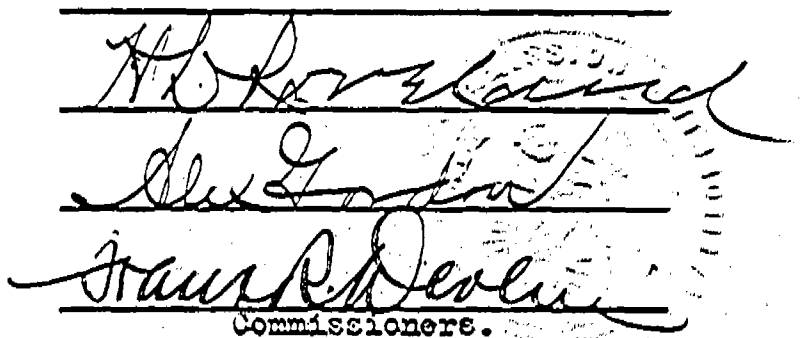
2.-The authority herein granted shall not become effective until Santa Maria Valley Warehouse Company has filed with the Railroad Commission a stipulation duly authorized by its Board of Directors declaring that Santa Maria Valley Warehouse Company, its successors and assigns, will never urge the Railroad Commission or other public body having jurisdiction to include in a rate base, \$5,000.00 or such other amount as may be expended for bean cleaning or other equipment not used in public utility business, and a supplemental order has been made reciting that such stipulation satisfactory in form has been filed in this proceeding.

3.-On or before the twenty-fifth day of each month applicant shall file with the Railroad Commission such statements as are required by the Commission's General Order No. 24, which order, in so far as applicable, is made a part of this Order.

4.—The authority herein granted shall apply only to such stock as may be issued on or before December 15, 1918.

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 10<sup>th</sup> day of July, 1918.

  
Commissioners.