

Decision No. 6492.

ORIGINAL

BEFORE THE RAILROAD COMMISSION OF THE
STATE OF CALIFORNIA.

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In the Matter of the Application of
NORTHERN CALIFORNIA WAREHOUSE COMPANY,
a corporation, for an order authori-
zing the issue of stock.

)
) Application No. 4681.
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Walter Rothschild, for applicant.

MARTIN, Commissioner.

O P I N I O N.

NORTHERN CALIFORNIA WAREHOUSE COMPANY asks permission to issue, at par, \$10,000. of its common capital stock.

This application involves the segregation of the public utility and non-public utility business of Rosenberg Brothers and Company. The record shows that Rosenberg Brothers and Company are a large firm engaged in a number of lines of business, principally dried fruits, rice and beans, and operate a number of warehouses in connection with their rice mills, and in some cases warehouses not connected with rice mills; that the warehouses are located at Gridley, Biggs and San Francisco; that an additional warehouse connected with a rice mill is under construction at Colusa; that the warehouses have a floor space of ^{about} 125,000 square feet; that from time to time the space in these warehouses is not required by Rosenberg Brothers and Company; that Rosenberg Brothers and Company have been in the habit heretofore of allowing such space as they might not

need to be used for public warehouse purposes; that until some time in June the business of Rosenberg Brothers and Company was operated by a partnership composed of three members, but towards the latter part of June was incorporated and that the Commissioner of Corporations has authorized the corporation to issue to the partnership in exchange for its properties \$4,000,000 of preferred and \$4,200,000 of common stock.

To segregate the public utility from the non-public utility business, Rosenberg Brothers and Company leased for a period of five years ^{the} surplus warehouse space to B.F. Stenbridge, an employee, who in turn has agreed to assign the lease to the Northern California Warehouse Company, applicant herein, in exchange for \$9,500 of stock, such stock to be delivered by B.F. Stenbridge to Rosenberg Brothers and Company. In addition to the \$9,500 of stock, applicant asks permission to issue \$500 of stock for the purpose of qualifying directors.

The business of applicant will for all intents and purposes be a subsidiary business of Rosenberg Brothers and Company. Whatever capital will be needed from time to time will be supplied by Rosenberg Brothers and Company, who will also permit applicant to use the equipment necessary to handle grain and other commodities which may be offered for storage.

H.R. Higgins, traffic manager of Rosenberg Brothers and Company, testified that because of varying conditions it would be impractical to allocate a certain amount of space for a certain length of time to the warehouse business. Ordinarily from June to October, he reports, about 75 per cent of the space in the various warehouses would be available for storage purposes, while during the rice season, October to June, Rosenberg Brothers and Company need practically all of the space in the warehouses to take care of their own business.

There is no claim made by counsel for applicant that the granting of this application fixes a value for the lease under which applicant intends to operate, for rate-making purposes. The primary object of this application is the organization of a subsidiary corporation of Rosenberg Brothers and Company to conduct the public utility warehouse business with funds advanced by Rosenberg Brothers and Company.

I herewith submit the following form of Order.

O R D E R.

NORTHERN CALIFORNIA WAREHOUSE COMPANY having filed with the Railroad Commission an application to issue stock, a public hearing having been held and the Commission being of the opinion that this application should be granted;

IT IS HEREBY ORDERED that NORTHERN CALIFORNIA WAREHOUSE COMPANY be, and it is hereby, granted authority to issue, and sell at not less than par, \$10,000. of its common capital stock for the purposes set forth in the petition herein, provided:

- 1.-- That, the authority herein granted will not be interpreted as a finding of value of the lease to be assigned by B.F. Stembridge to applicant, for rate-fixing or any purpose other than that of the issue of stock herein authorized.
- 2.-- That, Northern California Warehouse Company will keep such record of the issue and sale of the stock herein authorized and of the disposition of the proceeds, as will enable it to file on or before the twenty-fifth day of each month a verified report, as required by the Railroad Commission's General Order Number 24, which order, in so far as applicable is made a part of this order.

3.-- That, the authority herein granted will apply only to such stock as may be issued on or before October 1, 1919.

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 12th day of July, 1919.

H. J. Loveland

R. B. Anderson

J. W. Martin

Commissioners.