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ORIGINAL

Decision No. 6664

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application)
of ASSOCIATED TERMINALS COMPANY,)
a corporation, to issue stock and)
apply the proceeds to the acquisi-)
tion of property and the extension)
and improvement of its facilities.)

Application 4892.

Nathan H. Frank, for applicant.

LOVELAND, Commissioner.

O P I N I O N

Associated Terminals Company requests authority to issue \$90,500.00 of its common capital stock and use the proceeds to pay a \$50,000.00 note held by the Bank of California, National Association, purchase warehouse equipment and provide itself with added working capital.

Associated Terminals Company, pursuant to the authority granted in Decision Number 5568, dated July 15, 1918, issued \$159,500.00 of stock to acquire the properties of China Basin Warehouse Company and other properties. Since then it has leased or made arrangements to lease fifteen warehouses owned by Sacramento Northern Railroad. Two of these warehouses are

located in Sacramento and the remaining 13 at various points along the lines of the Sacramento Northern Railroad. It has agreed to purchase at a cost of \$60,000.00 the warehouse, equipment and machinery of Elk Horn Land Company, which has been operating the Sacramento Valley Dock and Warehouse, one of the warehouses which applicant has leased from the Sacramento Northern. In addition it reports that it will be necessary for it to expend \$20,000.00 to properly equip the other warehouses and that it is necessary for it to have on hand \$45,000.00 of working capital to properly conduct the operations of these warehouses.

To purchase the warehouse equipment owned by Elk Horn Land Company, applicant borrowed from the Bank of California, National Association, \$50,000.00 and issued to the bank its short term note. It asks permission to use part of the proceeds from the sale of its stock to pay this note.

Attached to the petition herein is an inventory of the properties which applicant has acquired from the Elk Horn Land Company. The inventory contains bean-cleaning and other equipment which does not appear to be absolutely necessary to conduct a public warehouse business. While the Commission is willing to permit applicant to issue stock for the purpose of acquiring the equipment listed in the inventory, it is with a distinct understanding that the property not used or useful in the warehouse business will be excluded from a rate base if the Commission is ever called upon to fix applicant's warehouse rates.

Applicant has an authorized stock issue of \$250,000., all of which, except \$90,500.00, has been issued. The record shows that the \$90,500.00 of stock covered by this application will be purchased by applicant's stockholders at par. It occurs to me that inasmuch as applicant will realize ^{only} \$90,500.00 through the sale of its stock, that it will not be handicapped in its

operations if the order of the Commission requires \$80,000.00 of the proceeds from the sale of the stock to be applied to the payment of the \$50,000.00 note held by the Bank of California, National Association, and the purchase of equipment, and the remaining \$10,500.00 to be used for working capital. I do not believe that it will be necessary for the Commission to make a definite finding as to the amount of working capital which applicant needs to properly conduct its business.

I herewith submit the following form of Order:

O R D E R

ASSOCIATED TERMINALS COMPANY having applied to the Railroad Commission for authority to issue \$90,500.00 of stock, a public 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 the stock 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 Associated Terminals Company be, and it is hereby, granted authority to issue and sell for cash at not less than par, on or before February 15, 1920, \$90,500.00 of its common capital stock and use \$50,000.00 of the proceeds to pay the note held by Bank of California, National Association, \$30,000.00 to purchase warehouse equipment and \$10,500.00 for working capital, to all of which reference is made in the petition herein, provided, Associated Terminals 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 No. 24, which order, in so far as applicable, is made a part of this order.

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 15th day of September, 1919.

Edwin O. Edgerton
H. D. Leonard
Frank H. M. M.
H. D. B. B.
Iwing Martin

Commissioners.