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Decision No. 5769.

ORIGINAL

BEFORE THE RAILROAD COMMISSION OF
THE STATE OF CALIFORNIA.

In the Matter of the Application of)
WESTERN STATES WAREHOUSE CORPORATION) Application No. 6294.
for order authorizing issuance of)
stock.)

Benjamin E. Page, Arthur C. Hart and Arthur F. Coe,
by Arthur F. Coe, for applicant.

LOVELAND, Commissioner.

O P I N I O N.

WESTERN STATES WAREHOUSE CORPORATION asks permission to issue 2,000 shares (\$200,000.00) of its common capital stock.

Applicant was organized in July, 1920, with an authorized capital stock of \$200,000.00 divided into 2,000 shares of the par value of \$100.00 each. It intends to acquire from Los Angeles Tanning Company, which has caused applicant corporation to be organized, properties consisting of real estate, buildings and machinery. The cost of these properties to the Tanning Company is reported at \$133,800.91. The Tanning Company has agreed to sell and transfer the properties to applicant at cost. The real estate reported to have cost \$35,434.13 consists of the entire block on Santa Fe Avenue between East Fifteenth Street and San Leandro Street, having a frontage as follows:

162.98 feet on Santa Fe Avenue,
238 feet on San Leandro Street,
232.2 feet on East Fifteenth Street, and
253.15 feet at the rear.

Two sidings run close up to the warehouse, from which cars can be

loaded directly from the floor of the warehouse. On the Fifteenth Street side is the Santa Fe siding, and running directly through the center of the property between the main warehouse and the two tannery buildings is the joint siding of the Southern Pacific and Salt Lake Railroads.

The buildings reported to have cost \$56,130.52 consist of a 2-story and basement heavy wall construction warehouse consisting of about 30,000 square feet of floor space, a wooden constructed pullery building of about 100 feet square, a tannery building of about the same size, a dwelling house and a shed for wagons or automobiles which is large enough to hold six machines.

The machinery reported to have cost \$42,316.26 consists of boilers and engines for steam power plant, various styles of tanning machines, wool dryers and all necessary equipment for a tanning factory and wool pullery.

The testimony shows that much of the property which applicant intends to acquire will not be used for public utility warehouse purposes. The order herein will require applicant to file with the Railroad Commission a stipulation duly authorized by its board of directors agreeing that it, its successors or assigns, will never ask the Railroad Commission, or any other public body having jurisdiction, to include in a rate base such an amount of the proceeds realized from the stock herein authorized as may be expended for non-public utility property.

There is now a 7 per cent \$40,000.00 mortgage on the properties which applicant intends to purchase. The payment of this mortgage indebtedness, applicant asks permission to assume, which if done, leaves a reported equity in the properties of \$93,800.00, against which applicant asks authority to issue stock. Applicant also asks permission to issue stock in the amount of \$106,200.00 for the purpose of refunding the \$40,000.00 indebtedness and pay for improvements, additions

and betterments necessary to establish modern storage facilities. The Commission has not been furnished with any detailed information showing the specific purposes for which applicant intends to expend the proceeds realized from the sale of the \$106,200.00 of stock, nor has the Commission been advised when applicant will be in a position to pay off the mortgage indebtedness.

The order herein will permit the sale of the stock subject to the condition that none of the proceeds obtained from the sale of the \$106,200.00 of stock will be expended except for such purposes as the Railroad Commission may authorize in a supplemental order or orders in this proceeding.

I herewith submit the following form of Order.

O R D E R.

WESTERN STATES WAREHOUSE CORPORATION having applied to the Railroad Commission for an order authorizing the issue of 2,000 shares (\$200,000.00) of its common capital 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 through the issue of \$93,800.00 of said stock is reasonably required by applicant at this time, and that the proceeds from the \$106,200.00 of stock should not be expended by applicant except for such purposes as the Railroad Commission may hereafter authorize by a supplemental order or orders herein;

IT IS HEREBY ORDERED, that WESTERN STATES WAREHOUSE CORPORATION be, and it is hereby, authorized to issue \$200,000.00 of its common capital stock and to assume the payment of a \$40,000.00 mortgage in favor of Mary B. Hook, referred to in this application.

The authority herein granted is subject to the following conditions:

- 1.--Of the stock herein authorized to be issued, \$93,800.00 may be issued and delivered as part payment for the properties

referred to in the foregoing opinion and more particularly and testimony described in the petition/in this proceeding. The remaining \$106,200.00 of stock shall be sold by applicant, for cash, at not less than par, provided that applicant may pay a brokerage commission of 7-1/2 per cent cash for all stock sold through a broker.

2.--None of the proceeds obtained from the sale of the \$106,200.00 of stock, except such an amount as may be necessary to cover the brokerage commission herein allowed, shall be expended by applicant except for such purposes as the Railroad Commission may hereafter authorize by a supplemental order or orders in this proceeding.

3.--Western States Warehouse Corporation shall keep such record of the issue, sale and delivery of the stock herein authorized and of the disposition of the proceeds as will enable it to file on or before the 25th 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.

4.--The authority herein granted will not become effective until Western States Warehouse Corporation has filed with the Railroad Commission a stipulation duly authorized by its board of directors declaring that Western States Warehouse Corporation, its successors and assigns, will never ask the Railroad Commission, or any other public body having jurisdiction, to include in a rate base such an amount of the stock, or of the mortgage indebtedness herein authorized to be issued or assumed as may represent or be offset by non-public utility properties, and a supplemental order made reciting that such stipulation satisfactory in form has been filed with the Commission.

5.--The authority herein granted to applicant to assume the \$40,000.00 mortgage indebtedness is for the purpose of this proceeding only and is intended as an approval of said mortgage only in so far as this Commission has jurisdiction under the terms of the Public Utilities Act, and is not intended as an approval of said mortgage as to such other legal requirements to which said mortgage may be subject.

6.--The authority herein granted will apply only to such stock as may be issued, sold and delivered on or before November 1, 1921.

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 17th day of March, 1921.

Frank R. DeWitt
Attest
Dwight Martin

COMMISSIONERS.