

Decision No. 25994

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of
FARMERS NATIONAL WAREHOUSE CORPORATION
OF CALIFORNIA to sell, and of STEVENSON
WAREHOUSE COMPANY, a corporation, to buy
a certain warehouse in Corcoran, Kings
County, and of Stevenson Warehouse Com-
pany to issue shares of its stock.)

Application No. 18895

BY THE COMMISSION:

ORIGINAL

O P I N I O N

In this proceeding the Railroad Commission is asked to make an order authorizing Farmers National Warehouse Corporation of California to transfer a certain warehouse property located at Corcoran to Stevenson Warehouse Company. The property to be transferred is described as follows:-

Warehouse on tract of land approximately 100 feet by 450 feet, leased from The Atchison, Topeka and Santa Fe Railway Company.

It appears that the warehouse was purchased by Farmers National Warehouse Corporation of California from Edward L. Eyre & Co. in 1931, under authority granted by the Commission by Decision No. 23907, dated July 24, 1931, in Application No. 17538, the purchase price being \$26,000.00. In that proceeding, as well as in the present one, it was alleged that the building was constructed during 1930 by Edward L. Eyre & Co. at an actual cost of \$26,388.28.

Farmers National Warehouse Corporation of California is a subsidiary of Farmers National Warehouse Corporation, a Delaware corporation. It is reported that the parent corporation desires to dispose of its California holdings and that therefore arrangements have been made for the sale of the foregoing property to Stevenson Warehouse Company.

The agreement of sale between the parties, dated March 2, 1933, a copy of which is filed as Exhibit "B" provides for a total purchase price of \$23,275.00, of which \$500.00 has heretofore been paid and the balance of \$22,775.00 will be payable as follows:-

| | |
|-----------------------|----------|
| On June 1, 1933 | \$4,500. |
| On June 1, 1934 | 3,000. |
| On June 1, 1935 | 3,000. |
| On June 1, 1936 | 3,000. |
| On June 1, 1937 | 3,000. |
| On June 1, 1938 | 3,000. |
| On June 1, 1939 | 3,275. |

All payments are to be evidenced by notes which provide for the payment of interest at the rate of five percent per annum and to be secured by a mortgage of the warehouse properties. A copy of the form of the proposed mortgage has been filed with the Commission. It appears to be satisfactory.

Stevenson Warehouse Company has an authorized capital stock of 2,000 shares without nominal or par value, all stock being of but one class. It now desires to issue such stock upon such terms and conditions as may be equitable. The initial payment of \$500. required by the agreement set forth in Exhibit "B" has been made by H. D. Stevenson and the sum of \$4,500. will be paid on June 1, 1933. It therefore desires to issue to said Stevenson 500 shares of its stock upon payment by him of said amount due June 1, 1933 and the assignment of the agreement to purchase the warehouse; and further, to issue to said Stevenson from time to time as additional payments upon the purchase price of said warehouse shall be made, one share for each \$10. of such price so paid and upon completion

of payment of the full purchase price, to issue to said Stevenson the balance of the 2,000 shares of stock remaining unissued at the time of such completion.

The Commission heretofore when authorizing the issue of stock without nominal or par value in general has limited the minimum price per share of such stock to \$25.00. We know of no reason why we should depart from that rule in passing on this application and accordingly in the order herein will permit a total issue of 931 shares of stock at the price of \$25.00 each, making a total price of \$23,275.00. Such stock should be issued only when and as payments are made upon the purchase price of the warehouse in accordance with the terms of the agreement filed as Exhibit "B", so that at no time should there be notes and stock outstanding on account of the purchase of the warehouse, in an amount exceeding \$23,275.00.

ORDER

Application having been made to the Railroad Commission for an order authorizing the transfer of warehouse properties from Farmers National Warehouse Corporation of California to Stevenson Warehouse Company, under the terms of an agreement by and between them, and the Commission being of the opinion that this is not a matter in which a public hearing is necessary, that it should enter its order as set forth herein, and that the money, property or labor to be procured or paid for by Stevenson Warehouse Company through the issue of the stock and notes herein authorized, is reasonably required for the purpose specified herein, which purpose is not in whole or in part reasonably chargeable to operating expenses or to income.

IT IS HEREBY ORDERED as follows:-

1. Farmers National Warehouse Corporation of California may on or before December 31, 1933, sell and transfer to Stevenson Warehouse Company the warehouse property and business located at Corcoran, referred to in the foregoing opinion, such sale to be in accordance with the terms of the agreement filed as Exhibit "B" in this application.

2. Farmers National Warehouse Corporation of California, upon the consummation of the sale of the aforesaid warehouse property, as herein authorized, and the acquisition and operation thereof by the purchaser as a public utility warehouseman, may cease and desist from its operation as a public utility warehouseman in said property.

3. Stevenson Warehouse Company may, on or before August 31, 1933, execute a mortgage substantially in the same form as that filed in this proceeding and may issue its promissory notes to be secured thereby in the total principal amount of \$22,775.00 payable as indicated in the foregoing opinion, with interest at the rate of 5 per cent per annum, for the purpose of financing in part the cost of acquiring the warehouse properties herein authorized to be transferred.

4. Stevenson Warehouse Company may issue at not less than \$25.00 a share, not exceeding 931 shares of its common capital stock, such shares to be delivered only when and as payments are made on the purchase price of the warehouse, such deliveries to be made at the rate of one share for each \$25.00 paid on the purchase price.

5. The authority herein granted is subject to the following conditions:-

- (a) The schedule of rates and charges now on file with the Commission covering service now being given in the warehouses, herein authorized to be transferred, shall be withdrawn by the present owner and such schedules

shall forthwith be adopted by Stevenson Warehouse Company.

- (b) Stevenson Warehouse Company shall keep such record of the issue of the stock and notes herein authorized as will enable it to file within thirty (30) days thereafter, a verified report, as required by the Railroad Commission's General Order No. 24, which order insofar as applicable, is made a part of this order. It shall also file with the Commission a certified copy of the mortgage executed under the authority herein granted.
- (c) The authority herein granted to execute a mortgage is for the purpose of this proceeding only and is granted only insofar as this Commission has jurisdiction under the terms of the Public Utilities Act, and is not intended as an approval of said mortgages as to such other legal requirements to which they may be subject.
- (d) The authority herein granted to execute a mortgage and to issue notes will become effective when Stevenson Warehouse Company has paid the minimum fee prescribed by Section 57 of the Public Utilities Act, which fee is Twenty-five (\$25.00) Dollars. In all other respects the authority granted will become effective upon the date hereof.

DATED at San Francisco, California, this 29th day of

May, 1933.

Fee \$25.00

R. M. ...
Fee # 353...

O. C. ...
A. H. ...
W. B. ...
M. ...
Commissioners