

Decision No. 34312

**ORIGINAL**

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of  
DISTRIBUTION AND STORAGE, INC.,  
for Order Authorizing the Issuance  
of stock.

Application No. 24225

Gibson, Dunn and Crutcher by  
John P. Crutcher, for Applicant

BY THE COMMISSION:

O P I N I O N

Distribution and Storage, Inc., a California corporation, asks permission to issue and sell at par to Taylor Milling Corporation, \$100,000 par value (10,000 shares) of its common stock for the purpose of acquiring properties and conducting its business.

Applicant corporation has been recently organized. It proposes to engage in the business of operating a warehouse for the storage of grain, feed, fertilizer simples, insecticides, and other merchandise; of merchandising material to the feed and nursery trade, and of manufacturing feed and fertilizers on a custom basis. The business will be operated at 3345 East Medford Street in Los Angeles County, but not within the city limits of the City of Los Angeles.

Applicant's business will be conducted on property and in buildings owned by the Taylor Milling Corporation. For the use of this property, including buildings and equipment,

applicant agrees to pay Taylor Milling Corporation, as rent, \$250 per month and 50% of its net profit.

Taylor Milling Corporation will acquire all of the stock that applicant will issue. The proceeds from the issue of such stock will be used by applicant to acquire machinery and equipment necessary for the operation of its warehouse, merchandise which it may need in its nonutility business and for working capital. While the order herein will authorize applicant to use stock proceeds for nonutility purposes, the Commission will not regard the proceeds expended for those purposes, as part of the rate base if it is called upon to fix applicant's warehouse rates.

The evidence submitted does not warrant a finding that applicant has need for the proceeds that would be realized through the issue of \$100,000 of stock. The order herein will authorize applicant to issue \$50,000 of stock. If it needs additional funds and finds it advisable to obtain the same through a stock issue, it may file a supplemental application for permission to issue the additional stock.

#### O R D E R

A public hearing having been held in the above-entitled matter before Examiner Fankhauser, the Commission having considered the evidence submitted at such hearing, and it being of the opinion that the money, property or labor to be procured or paid for by the issue of \$50,000 of common stock by Distribution and Storage, Inc. is reasonably required by said Distribution and Storage, Inc. for the purposes herein stated, and that the expenditures for said purposes are not, in whole or in part, reasonably chargeable to operating expenses or to

income, therefore,

IT IS HEREBY ORDERED that Distribution and Storage, Inc. be, and it is hereby, authorized to issue and sell, on or before December 31, 1941, at not less than par, to Taylor Milling Corporation, not exceeding \$50,000 of its common capital stock and use the proceeds to acquire machinery and equipment necessary for the operation of its warehouse business, to acquire merchandise, and to conduct its warehousing and merchandising business.

IT IS HEREBY FURTHER ORDERED that Distribution and Storage, Inc. shall file with the Railroad Commission monthly reports in compliance with the Commission's General Order No. 24-A, which order insofar as applicable is made a part of this order.

Dated at San Francisco, California, this 17<sup>th</sup>  
day of June, 1941.

Ray L. Riley  
Justus J. Calmer  
Francis D. Havens  
Richard Backe  
Commissioners