

Decision No. 37463

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application)
of SATICOY WAREHOUSE COMPANY, a)
corporation, for an order authoriz-)
ing it (a) to sell property; (b))
to discontinue service as a ware-)
house under the Public Utilities)
Act.)

Application No. 26297

ORIGINAL

BY THE COMMISSION:

Appearances

Farrand & Farrand, by George E. Farrand and Ross
C. Fisher, for applicant, also for Saticoy Lima
Bean Growers Association.

Arnold Poppic and G. W. Johnson, for Bean Dealers
Association of San Francisco, protestant.

O P I N I O N

Saticoy Warehouse Company requests authority to discon-
tinue public utility warehouse service at Saticoy, Ventura County.
It also seeks authority to transfer its warehouse building, land,
warehouse equipment, and interest in an industrial track agreement
to Saticoy Lima Bean Growers Association. The latter Association
is not a party to the application, having taken the position that
it is not subject to regulation in that it is a nonprofit coopera-
tive corporation. ¹ The matter was submitted following a public
hearing before Examiner Gorman at Ventura on September 21, 1944.

In 1943 Saticoy Warehouse Company incurred a loss of ap-
proximately \$5,000 in connection with the warehousing and handling
of lima beans. Although a profit was made on the handling of feed
and insecticide, the net loss for 1943 was \$3,291.54. The vice-
president of the warehouse company, who is also an officer of the
Saticoy Lima Bean Growers Association, testified that the warehouse

¹ Saticoy Lima Bean Growers Association will pay Saticoy Ware-
house Company \$35,000 for the latter's warehouse properties,
\$7,000 to be paid when abandonment and transfer authorization is
issued, and \$7,000 annually thereafter for four years, with in-
terest on deferred payments. Title is to remain in the seller until
payments are completed.

company was organized many years ago, at a time when there were insufficient facilities at Saticoy for the handling of lima beans, and that the original stockholders were lima bean growers. Since that time the Southern Pacific Milling Company has improved its public utility warehousing facilities at Saticoy.

During the 1943 season Saticoy Warehouse Company stored some 110,876 bags of beans, of which some 48,298 were from members of Saticoy Lima Bean Growers Association. That Association, upon acquisition of the properties, intends to operate the warehouse on a nonprofit basis for its members, and for fifteen growers who are not members of the Association, but who are members of other local associations which are also units (members) of the California Lima Bean Growers Association.²

The number of bags of beans to be stored in the warehouse during the 1944 season is estimated as follows:

Members of Association-----	54,600 bags
New members of Association---	25,400 bags
Fifteen non-members-----	<u>26,700 bags</u>
Total-----	106,700 bags

The Bean Dealers Association of San Francisco, protestant, had no objection to the sale, but felt that a public utility ware-

² The Saticoy Lima Bean Growers Association deemed it advisable to have at least 100,000 bags of lima beans for storage before acquiring the warehouse properties. The existing and prospective members did not have this number of bags available for storage, so the Association selected and invited fifteen additional growers to participate in the venture. These fifteen non-members will be entitled to store their beans at cost, as do members, and will be required to participate in the "Revolving Fund" established to meet the purchase payments as they fall due. Such "Revolving Fund" is in accordance with an agreement attached to the application, is maintained by assessing those storing lima beans in the warehouse, and is to be used to defray purchase payments as they fall due.

house should not be converted into a private warehouse during the war, at least so late in the present season; and expressed a doubt as to whether or not the Southern Pacific Milling Company had sufficient capacity for storage or equipment to clean seed beans.

The manager of the Southern Pacific Milling Company's warehouse at Saticoy testified that that warehouse handled about 65,000 bags of beans during 1943, has had in excess of 100,000 bags at times, could handle as much as 127,000 bags, and that storage and cleaning facilities would be adequate to handle all lima beans which might be diverted from the applicant warehouse. He testified that another building, used for walnut storage, could be partly used for bean storage, if necessary.

All 110 patrons of the Saticoy Warehouse Company were notified of the hearing, but none appeared in protest to the granting of the application.

The record shows that if the Saticoy Warehouse Company abandons operations, and its warehouse is taken over by Saticoy Lima Bean Growers Association, adequate public utility warehouse facilities will continue to be available at Saticoy. Authorization to abandon public utility warehouse operations will be granted, such authorization to become effective upon the transfer of the warehouse to Saticoy Lima Bean Growers Association. In view of this action it will be unnecessary to authorize a transfer of the properties.

In connection with the Association's position that it will not be a public utility, it should be noted that in a recent proceeding involving electric properties this Commission held that a private corporation is not exempt from regulation as a utility merely because such corporation may have been organized on a cooperative basis.

(Re Public Utilities Calif. Corp., Dec. No. 37389, App. No. 25928.)

Section 2-1/2 of the Public Utilities Act provides in part that the term "warehouseman" includes every corporation operating a warehouse in which merchandise is stored "for the public generally, for compensation, * * * excepting warehouses conducted by any non-

profit, cooperative association or corporation which is engaged in the handling or marketing of the agricultural products of its members; * * *." The Commission here expresses no opinion as to whether future warehousing activities of the Association will be those of a "warehouseman" within the meaning of the regulatory statute. As abandonment of applicant's utility operations will be authorized, the question of the Association's future status is not an issue in this proceeding.

O R D E R

Evidence in the above proceeding having been taken at a public hearing and the matter submitted, and based upon the record and upon the factual findings contained in the above opinion,

IT IS ORDERED that Saticoy Warehouse Company be and it is hereby authorized to abandon public utility warehouse operations and discontinue warehouse service at Saticoy, subject to the following conditions:

1. Such abandonment and discontinuance shall become effective upon the transfer of applicant's warehouse properties to Saticoy Lima Bean Growers Association.
2. Upon such abandonment and discontinuance applicant shall immediately notify the Commission thereof in writing and cancel its tariff on file with the Commission.
3. Within sixty days after such abandonment and discontinuance applicant shall file with the Commission a copy of its financial report for the period January 1, 1944 to the date of abandonment and discontinuance.

4. The authorization herein granted shall lapse unless exercised within one year from the date of this order, unless such time is hereafter extended.

This order shall become effective ten (10) days after the date hereof.

Dated at San Francisco, California, this 9th day of November, 1944.

Richard A. ...
Justus J. ...
Francis R. ...
Francis ...
...
Commissioners