

farmers. For the 12-month periods ended June 30, the partners have reported the following:

	<u>1948</u>	<u>1949</u>	<u>1950</u>
Revenue -			
Storage operations	\$ 5,964	\$10,159	\$ 8,742
Cleaning, fumigating, handling	23,652	44,167	47,654
Sub-total	<u>29,616</u>	<u>54,326</u>	<u>56,396</u>
Other operations -			
Merchandise sales	53,402	59,577	38,701
Less-cost of goods sold	<u>47,561</u>	<u>53,051</u>	<u>31,140</u>
Net sales	<u>5,841</u>	<u>6,526</u>	<u>7,561</u>
Miscellaneous income	4,565	2,837	5,295
Total	<u>40,022</u>	<u>63,689</u>	<u>69,252</u>
Expenses	<u>28,355</u>	<u>44,548</u>	<u>52,288</u>
Net gain	<u>\$11,667</u>	<u>\$19,141</u>	<u>\$16,964</u>

The physical properties to be sold to the corporation include three warehouse buildings and four steel storage tanks, with a combined capacity of 15,457 square feet, a boiler house, bean mills and cleaning and storing equipment and machinery. The present owners acquired their properties in 1946 from Garden Grove Bean Growers Association, a cooperative marketing organization then in process of liquidation, and since then have enlarged the facilities. They report that they do not have the books and records of the old association, that they have been unable to ascertain the original cost of the properties, and consequently they have caused an appraisal to be made which shows the estimated fair market value less accrued depreciation in the aggregate sum of \$65,250.

In making the present application, however, the partners report that they propose to transfer the properties to the corporation at an agreed price of \$58,000. In acquiring said properties, the corporation proposes to issue 400 shares of stock of the aggregate par value of \$40,000 to Asa J. Herren and John W. Mitchell, and 180 shares of the par value of \$18,000 to Hamilton & Company, a total of 580 shares of the par value of \$58,000. Hamilton & Company

is a creditor of Garden Grove Warehouse Company, and will accept such stock in satisfaction of the amounts due it.

In addition to the \$58,000 par value of stock thus to be issued, the corporation proposes to sell 420 shares, for cash at par, to Hamilton & Company, Asa J. Herren, John W. Mitchell, John W. Kilrain and Wendell Shore for the purpose of obtaining funds to conduct and expand the business.

A review of the application shows that the public utility operations constitute but a small percentage of the total business performed by the present owners. Under the circumstances set forth in this proceeding, the agreed price of \$58,000 will be used as a basis for the order herein authorizing the issue of stock. The action taken herein shall not be construed to be a finding of the value of the properties herein authorized to be transferred. The Commission reserves the right to examine de novo the appraisal figures submitted herein should they become an issue in any future proceeding.

O R D E R

The Commission having considered the above entitled matter and being of the opinion that a public hearing thereon is not necessary; that the application should be granted, as herein provided; that the money, property or labor to be procured or paid for through the issue of the stock herein authorized is reasonably required by Garden Grove Warehouse Company for the purposes stated herein; and that such purposes are not, in whole or in part, reasonably chargeable to operating expenses or to income; therefore,

IT IS HEREBY ORDERED as follows:

1. Asa J. Herren and John W. Mitchell, after the effective date hereof and on or before December 31, 1950, may sell and transfer to Garden Grove Warehouse Company, a corporation, the public utility warehouse properties referred to in this proceeding.
2. Garden Grove Warehouse Company, after the effective date hereof and on or before December 31, 1950, may issue not exceeding \$58,000 par value of its common stock in payment for said properties and in satisfaction of indebtedness, as set forth in this application, and may issue and sell, at par for cash, not exceeding \$42,000 par value of stock for the purpose of providing working capital to maintain and improve its facilities and service.
3. Applicants, on not less than five (5) days' notice to the Commission and to the public, shall supplement or reissue the tariffs on file with the Commission insofar as they name rates, rules and regulations governing warehouse operations of Asa J. Herren and John W. Mitchell, to show that said Asa J. Herren and John W. Mitchell have withdrawn or canceled and Garden Grove Warehouse Company has adopted or established as its own, said rates, rules and regulations. The tariff filings made pursuant to this order in all respects shall comply with the regulations governing the filing of warehouse tariffs set forth in the Commission's General Order No. 61.
4. Garden Grove Warehouse Company shall file with the Commission a report, or reports, as required by General Order No. 24-A, which order, insofar as applicable, is made a part of this order.

5. The authority herein granted will become effective twenty (20) days after the date hereof.

Dated at San Francisco, California, this 1st day of September, 1950.

R. E. [Signature]
Justice F. [Signature]
[Signature]
[Signature]
Commissioners