

Decision No. 52340

ORIGINAL

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application)	
of PACIFIC MILL AND ELEVATOR CO.,)	
a corporation, for authorization)	Application
to lease and sell, and of STOCKTON)	No. 37311
ELEVATORS, a corporation, to lease)	
and purchase public utility ware-)	
house properties..)	
-----)	

O P I N I O N

This is an application for an order of the Commission authorizing Pacific Mill and Elevator Co., a corporation, to lease and sell warehouse facilities to Stockton Elevators, a corporation.

Pacific Mill and Elevator Co. is a California corporation organized in 1946. It has constructed warehouse facilities for the storage of grain and related commodities and has undertaken operations at Artois, Corning and Rotavele. According to its financial statement filed with the Commission it has invested in fixed assets the sum of \$505,758, as of March 31, 1955, and it had developed operating revenues for the 12-month period ending on that date of \$127,086 with net operating revenues of \$8,522.

It appears that Pacific Mill and Elevator Co. now desires to withdraw from its operations as a public utility warehouseman and that it has made arrangements to lease its facilities to Stockton Elevators for a term of one year, subject to renewal, at an annual rental of \$85,000. The agreement between the parties grants to the lessee the option to purchase the premises after one year for the sum of \$561,000, payable in full in cash. Should the option be exercised the rental for the year will be reduced to \$61,500, the lessor to reimburse the lessee for the overpayment of rental in the amount of \$23,500.

Should the tenancy be extended by renewal of the lease for the second year, the lessee retains the option to purchase the property for the sum of \$561,000, in which event the rental for each year will be reduced by the sum of \$30,000, the lessor to reimburse the lessee in the total amount of \$60,000.

Stockton Elevators, the lessee, is a California corporation organized in 1954 and engaged in the storage of grain and related commodities at Stockton. For the first four months of 1955 it reports its total revenues at \$70,626 and its net profit at \$16,313 before taxes. It desires to enter into the lease agreement in order to extend its operations and it intends to render service under the same terms and conditions as at present and under the rates, rules and regulations now on file. It reports that Pacific Vegetable Oil Corporation and Utah Construction Company will act as guarantors under the lease agreement it proposes to execute.

Upon reviewing this matter we are of the opinion that the proposed lease and sale will not be adverse to the public interest and should be approved. Our order in this proceeding should not be construed as a finding of the value of the properties herein authorized to be transferred nor as a finding of the reasonableness of the agreed rental payment.

O R D E R

The Commission having considered the above-entitled matter and being of the opinion that public hearing is not necessary and that the application should be granted as herein provided,

IT IS HEREBY ORDERED as follows:

1. Pacific Mill and Elevator Co. and Stockton Elevators may execute and enter into an agreement substantially in the same form as

the agreement filed in this proceeding as Exhibit B. Pacific Mill and Elevator Co. may lease and sell its properties to Stockton Elevators in accordance with the terms and conditions of said agreement.

2. On not less than five days' notice to the Commission and to the public applicants shall supplement or reissue the tariffs now on file with the Commission insofar as they name rates, rules and regulations governing warehouse operations here involved, to show that Pacific Mill and Elevator Co. has withdrawn or canceled and that Stockton Elevators concurrently 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 construction and filing of warehouse tariffs set forth in the Commission's General Order No. 61.

3. The effective date of this order shall be the date hereof.

Dated at San Francisco, California, this 4th day of October, 1955.

John L. Mitchell
President

Justus J. Casner
Robert L. ...

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Commissioners