

ORIGINALDecision No. 65831

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of)
 FARMERS GRAIN AND MILLING COMPANY,)
 a corporation, and WEST LOS ANGELES)
 MILLING CO., a corporation, for an)
 order authorizing the leasing of)
 certain warehouse properties.)

Application No. 45561

O P I N I O N

This is an application for authority to lease warehouse properties and, by implication, the operating rights. Copies of an agreement and a lease are attached to the application. The lease is to be for a term of three years with an option to renew for two further years. The rent is fixed at \$1,000 per month.

Farmers Grain, much the smaller company of the two, is in the business of buying, selling and warehousing agricultural and food products, especially beans. West Los Angeles engages in the same businesses and, in addition, in the processing and packaging of such products. The sole shareholder in Farmers Grain is the principal shareholder of West Los Angeles.

West Los Angeles currently operates warehouses at Oxnard, Chino and Sutter. It has packaging plants at each of these places. It is alleged in the application that the warehouse of Farmers Grain on Hunter Street is one of the few remaining places in the Los Angeles area with facilities for storing beans. West Los Angeles wishes to expand its packaging operations. Both applicants have agreed that it is advisable for West Los Angeles to assume the operations of Farmers Grain at Los Angeles. They state that the lessee will adopt the rates of Farmers Grain. They allege that the

public will have available to it the services presently performed by the lessor with the added prospects of selling beans to West Los Angeles for its packaging operations.

Applicants have attached the following to their application: (1) copy of agreement dated June 6, 1963; (2) a proposed form of lease; (3) copies of resolutions of each board of directors authorizing their respective officers to execute the agreement and lease and to file this application; and (4) balance sheets and profit and loss statements for each company.

The Commission finds that the proposed lease would not be adverse to the public interest.

The Commission concludes that the application should be granted as hereinafter provided.

West Los Angeles Milling Co., a corporation, is hereby placed on notice that operative rights, as such, do not constitute a class of property which may be capitalized or used as an element of value in rate fixing for any amount of money in excess of that originally paid to the state as the consideration for the grant of such rights. Aside from their purely permissive aspects, such rights extend to the holder a full or partial monopoly of a class of business in a particular locality. This monopoly feature may be modified or canceled at any time by the state, which is not in any respect limited as to the number of rights which may be given.

Applicants have requested that the order be made effective on its date. Considering the nature of this application, this appears reasonable and will be granted.

A public hearing is not necessary.

O R D E R

IT IS ORDERED that:

1. On or before October 1, 1963, Farmers Grain and Milling Company, a corporation, may lease, and West Los Angeles Milling Co., a corporation, may hire the operative rights and property referred to in the application.

2. Within thirty days after the consummation of the lease herein authorized, West Los Angeles Milling Co., a corporation, shall notify the Commission, in writing, of that fact and within said period shall file with the Commission a true copy of the lease as executed, which lease shall be substantially in the form attached to the application as Exhibit B thereto.

3. West Los Angeles Milling Co., a corporation, shall amend or reissue the tariffs on file with the Commission, naming rates, rules and regulations governing the warehouse operations herein to show that it has adopted or established, as its own, said rates, rules and regulations. The tariff filings shall be made effective not earlier than ten days after the effective date of this order on not less than ten days' notice to the Commission and to the public, and the effective date of the tariff filings shall be concurrent with the consummation of the lease herein authorized. The tariff filings made pursuant to this order shall comply in all respects

with the regulations governing the construction and filing of tariffs set forth in the Commission's General Order No. 61-A.

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

Dated at San Francisco, California, this 6th day of AUGUST, 1963.

William W. Bunker
President
George E. Trover
Frederick B. Hallock
Commissioners