

LBM

Decision No. 21008.

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of
CROWERS REFRIGERATION COMPANY,
a corporation, for (1) a certificate
declaring that public convenience and
necessity requires and will require
the transaction of business by ap-
plicant as a cold storage warehouse-
man, under the provisions of the
Public Utilities Act of the State of
California and particularly under the
provisions of Section 50½ of said act;
and for (2) an order authorizing the
issuance of stock by applicant and
for authority to assume outstanding
obligations.

ORIGINAL

Application No. 15528

Clarence E. Todd; and Athearn, Chandler
& Farmer and Frank R. Devlin,
by Frank R. Devlin, for applicant.

McCutchen, Olney, Mannon & Greene,
by Carl I. Wheat, for Merchants Ice & Cold
Storage Company and National Ice & Cold
Storage Company.

BY THE COMMISSION:

O P I N I O N

In the above entitled matter the Railroad Commission is asked to make its order declaring that public convenience and necessity require the operation by Growers Refrigeration Company of a cold storage warehouse in San Francisco, as hereinafter set forth, and authorizing Growers Refrigeration Company to issue, in the aggregate, \$110,000.00 of its capital stock and to assume the payment of a one year seven percent note for \$16,000.00, which payment is secured by a deed of trust.

The application shows that Growers Refrigeration Company was organized under the laws of the State of California on or about December 20, 1928 for the purpose primarily of conducting a cold storage warehouse business in San Francisco. It appears that the corporation has made arrangements to acquire a parcel of land, sixty feet by sixty feet in dimension, located on Oregon Street (#240 Oregon Street) between Front and Davis Streets, upon which there is constructed a three story brick building, and that it proposes to make alterations and additions to render the building suitable for cold storage purposes.

In support of the request for a certificate of public convenience and necessity, applicant alleges that large quantities of fruits, vegetables and other perishable products are received daily in San Francisco during the early morning hours, and that there are no cold storage facilities located in the immediate vicinity of the commission and wholesale fruit and vegetable district, where its proposed site is located, and there are no facilities in the city open during the early morning. It proposes, if permitted to operate, to open its plant at about five o'clock in the morning and thus afford the producers, sellers, purchasers, dealers and commission merchants engaged in dealing ⁱⁿ fruits, vegetables and similar commodities, the opportunity of early delivery and the convenience of cold storage with the resultant economies and preservation of perishable commodities.

The approximate space to be occupied by applicant is about 15,000 square feet and the rates and tariffs it proposes to charge are set forth in Exhibit "C" attached to the application.

Merchants Ice & Cold Storage Company and National Ice & Cold Storage Company were represented by counsel at the hearing in this matter. However, at the request of those companies, applicant

has stipulated that if any certificate be granted it may and shall be limited as follows;-

1. The transaction of a cold storage warehouse business only, as distinguished from a dry warehouse business or a combination cold storage and dry warehouse business; and

2. At a specific site and location, and no other, viz: on Oregon Street, between Front and Davis Streets, in the City and County of San Francisco;

3. The cold storage space, for which this particular certificate is requested, will not now nor hereafter exceed 15,000 square feet;

4. The said cold storage will consist of refrigeration services not below thirty degrees (30°) Fahrenheit;

5. The said cold storage will now and hereafter be confined to the commodities shown in the proposed tariff filed as Exhibit "C", and no others.

With this stipulation made, Merchants Ice & Cold Storage Company and National Ice & Cold Storage Company made no opposition to the granting of the application.

Applicant proposes to acquire the real property and building referred to herein, subject to a deed of trust and note for \$16,000.00, payable one year after date with interest at seven percent., and to issue to S. V. Baumsteiger, the present owner, \$20,000.00 of its seven percent cumulative preferred stock in part payment. It thereafter plans to issue and sell at par for cash an additional \$35,000.00 of preferred stock to finance the cost of equipping the building for cold storage purposes, including the cost of insulation, of acquiring and installing a refrigeration plant, machines and motors, of installing an electric elevator and of making alterations.

In addition to this \$55,000.00 of preferred stock, applicant asks permission to issue as fully paid up, as further consideration of the real property, \$55,000.00 of its common stock, such stock to be issued to S. V. Baumsteiger as the preferred stock is issued.

The testimony herein indicates that S. V. Baumsteiger bought the land and building in question for \$30,000.00. Applicant estimates the cost of alterations and improvements at about \$33,735.00, making a total investment of \$63,735.00. As stated, the property is now encumbered to the amount of \$16,000.00. The financing proposed by applicant and submitted in this application consists of the issue of \$110,000.00 of stock, divided into common and preferred, and the assumption of a note for \$16,000.00, making a total of \$126,000.00 of stock and notes outstanding against a reported investment of about \$64,000.00.

We believe that public convenience and necessity will be served by the operation of applicant's proposed cold storage warehouse. We do not believe, however, that it is in the public interest to authorize the issue of stock in the amounts requested and under the terms and conditions outlined in this application. Furthermore, the Commission under the provisions of Section 52-b of the Public Utilities Act is required, when entering an order authorizing the issue of securities, to make a finding that in its opinion the money, property or labor to be procured or paid for by such issue is reasonably required for the purpose or purposes specified in this order, and that, except as otherwise permitted in the case of bonds, notes or other evidences of indebtedness, such purpose or purposes are not, in whole or in part, reasonably chargeable to operating expenses or to income. The record in this proceeding does not permit us to make a finding that the issue of \$20,000.00 of preferred stock, \$55,000.00 of common stock and the

assumption of a \$16,000.00 note- a total of \$91,000.00- is reasonably required for the purpose of acquiring property which cost, according to applicant's own witness, \$30,000.00.

The order herein, accordingly, so far as the issue of stock is concerned, will be limited to an authorization of not exceeding \$48,000.00 of stock. We will not specify the class of stock to be issued, but will leave it to applicant to determine for itself what class, or classes, of stock it desires to issue, provided, of course, that the total issue does not exceed \$48,000.00 par value.

If it should develop that applicant's cost of improvements will exceed \$33,375.00 it may, of course, hereafter, file another application to finance such cost.

ORDER

Growers Refrigeration Company having applied to the Railroad Commission for a certificate of public convenience and necessity, and for permission to issue \$110,000.00 of stock and to assume the payment of indebtedness of \$16,000.00, a public hearing having been held before Examiner Ferkhauser and the Railroad Commission being of the opinion that a certificate should be granted, as herein provided, and that the issue of \$48,000.00 of stock and the assumption of \$16,000 of indebtedness is reasonably required for the purpose or purposes specified herein, which purpose or purposes are not in whole or in part reasonably chargeable to operating expenses or to income, therefore,

THE RAILROAD COMMISSION HEREBY DECLARES that present and future public convenience and necessity require and will require the construction, maintenance and operation by Growers Refrigeration Company, a corporation, of the cold storage warehouse and business referred to in the foregoing opinion, subject to the conditions of this order, and

IT IS HEREBY ORDERED that a certificate of public convenience and necessity be, and it hereby is granted, Growers Refrigeration Company permitting such operation, provided:

1. That the operations of the company be confined to cold storage warehousing only, as distinguished from a dry warehouse business or a combination cold storage and dry warehouse business;
2. That the operation of such cold storage warehousing business be conducted at a specific site, and location, and at no other, viz: on Oregon Street, between Front and Davis Streets, in the City and County of San Francisco;
3. That the cold storage business for which this certificate is issued shall be limited now and hereafter to not more than 15,000 square feet;
4. That such cold storage will be limited to refrigeration services not below 30° Fahrenheit;
5. That such cold storage warehousing will now and hereafter be confined to the commodities shown in the proposed tariff filed in this proceeding as Exhibit "C"; and no others;
6. That applicant file, in duplicate, within thirty days from the effective date of this order, its tariff in identically the same form as that filed in this proceeding as said Exhibit "C".

IT IS HEREBY FURTHER ORDERED that Growers Refrigeration Company be, and it hereby is, authorized to assume the obligation created by that certain deed of trust filed as Exhibit "D" securing the payment of a one year seven percent note for \$16,000.00 and in addition to the assumption of said obligation, issue and sell on or before December 31, 1929, \$48,000.00 and no more, of its capital stock at not less than par, and use said stock or proceeds to pay \$14,000.00 of the cost of the land and buildings and \$33,375.00 to pay the cost of improvements, all of which are referred to in the opinion which precedes this order.

IT IS HEREBY FURTHER ORDERED that the authority herein granted shall become effective ten days from the date hereof and that applicant shall keep such record of the issue of the stock herein authorized and of the disposition of the proceeds as will enable it to file, on or before the 25th day of each month, a verified report, as required by the Commission's General Order No. 24, which order, insofar as applicable, is made a part of this order.

IT IS HEREBY FURTHER ORDERED that the application insofar as it involves the issue of \$62,000.00 of stock be, and it hereby is, denied without prejudice.

DATED at San Francisco, California, this 24th day of April, 1929.

Thos D. Lott

Al. S. ...

Leon ...

M. J. ...

Commissioners.