

LEM

Decision No. 23075.

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of)
THE UNION ICE COMPANY)
to lease all its commercial storage)
warehouses to Union Ice and Storage)
Company.)

Application No. 16992

ORIGINAL

L. A. Bailey, for applicants.

BY THE COMMISSION:

O P I N I O N

Applicants in the above entitled matter have applied to the Railroad Commission for an order authorizing The Union Ice Company to lease to Union Ice and Storage Company all the public cold storage warehouse properties owned and/or operated by it, under the terms of a proposed lease filed in this proceeding as Exhibit "A" and permitting The Union Ice Company to withdraw as a public utility during the pendency of the term of said lease.

Information on file with the Commission shows that The Union Ice Company is a corporation organized under the laws of the State of California on or about February 13, 1902, and engaged primarily in the manufacture and sale of ice. Incidentally it is engaged also in the cold storage warehouse business, owning and operating warehouses at San Jose, Santa Cruz, San Diego, Wilmington and Napa and leasing from subsidiary corporations and operating warehouses at Chico and Lodi. The utility operation

is said to be of secondary importance, the gross revenue in 1929, aggregating \$71,209.35, as compared with the gross revenue from nonutility operations of \$2,966,659.58. The net capacity of its storage warehouses is reported at about 400,000 cubic feet.

Union Ice and Storage Company, on the other hand, is a corporation organized under the laws of the State of California, on or about July 19, 1917, and engaged primarily in the cold storage warehouse business at Stockton, where it owns and operates a warehouse having a capacity of more than 1,000,000 cubic feet. The corporation's outstanding stock, amounting to \$175,000.00, is held by The Union Ice Company.

The Union Ice Company, in order to separate its cold storage public utility business from its ice business, now desires to lease its warehouses at San Jose, Santa Cruz, San Diego, Wilmington and Napa and to sub-lease the warehouses at Chico and Lodi, to Union Ice and Storage Company. In this connection it appears that the operations at Wilmington are being performed under a certificate of public convenience and necessity granted by the Commission by Decision No. 22649, dated July 9, 1930, in Application No. 16639 and that it is the company's desire to assign this certificate to Union Ice and Storage Company.

The proposed lease between the two companies will run for a period of one year and thereafter from year to year unless and until terminated by written notice given by either party to the other, at its principal place of business, not less than thirty days prior to the expiration of said term or any extension thereof. The lessee agrees to pay the lessor, as rental, the net profits derived from the operation of the facilities, net profits being determined by deducting the operating expenses from gross income,

excluding therefrom the items of fire insurance, real and personal property taxes and any calculations for depreciation of plant and/or equipment, which items shall be carried by the lessor. The lease is subject further to conditions, among others, that the lessor will at all times provide refrigeration service so as to maintain temperature conditions satisfactory to the storage company in the conduct of its cold storage business, such refrigeration to be furnished at its actual cost, and that it will from time to time, as requested by the storage company, provide additional reasonable facilities for the conduct of the storage business.

In support of the application it is alleged that the control of Union Ice and Storage Company being vested, through stock ownership, in The Union Ice Company, the present operator, the granting of the present request would in no way affect or lessen the measure of responsibility in the operation of the cold storage warehouses through the proposed lease. The purpose of the transaction is said to be purely for the reason of simplifying and standardizing the operations, it being felt that the placing of all the warehouse business under one company, which is essentially a company engaged only in the public warehouse business, would result in improved service.

O R D E R

Application having been made to the Railroad Commission for an order authorizing The Union Ice Company to lease properties to Union Ice and Storage Company, and to withdraw from public utility operations during the pendency of the term of said lease, the Commission being of the opinion that this is not a matter in which a public hearing is necessary, that the pro-

posed lease is in the public interest, and that the application should be granted, as herein provided;

IT IS HEREBY ORDERED that The Union Ice Company be, and it hereby is, authorized to lease to Union Ice and Storage Company all the public utility cold storage warehouse properties owned and/or operated by The Union Ice Company, under the terms and conditions of the proposed lease by and between the companies, a copy of which is filed herein as Exhibit "A", and to assign to Union Ice and Storage Company during the pendency of said lease, and any extensions thereof, the certificate of public convenience and necessity heretofore granted it by Decision No. 22649, dated July 9, 1930, in Application No. 16639.

IT IS HEREBY FURTHER ORDERED that during the pendency of the term of the aforesaid lease, The Union Ice Company shall withdraw from any and all public utility operations.

IT IS HEREBY FURTHER ORDERED that the authority herein granted is subject to the following conditions:-

- (1) The Union Ice Company and Union Ice and Storage Company shall forthwith unite in common supplement to the tariffs on file with the Commission in the name of The Union Ice Company, applicant The Union Ice Company withdrawing and applicant Union Ice and Storage Company adopting and establishing as its own such tariffs and all effective supplements thereto.
- (2) The authority herein granted will become effective from and after twenty (20) days from the date hereof. Under such authority no lease may be executed after January 15, 1931.

(3) Within thirty (30) days after the execution of the aforesaid lease, Union Ice and Storage Company shall file a certified copy of said lease with the Railroad Commission.

DATED at San Francisco, California, this 13th day of November, 1930.

C. L. Levey,

Wm. B. Smith

M. J. Lee
Commissioners.