

LBM

Decision No. 24765.

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of  
ORD ICE COMPANY,  
a corporation, FIRST NATIONAL TRUST  
AND SAVINGS BANK OF SANTA BARBARA,  
a national banking association, and  
MISSION ICE COMPANY, a corporation,  
for an order authorizing the trans-  
fers herein set forth.

ORIGINAL

Application No. 18079

In the Matter of the Application of  
PURITAN ICE COMPANY  
for an order authorizing it to assume  
liability as endorser of an obligation  
of another corporation.

Application No. 18090

Reginald L. Vaughan, for applicants in  
Application No. 18079.

Lawrence L. Larrabee, for Puritan Ice Company.

BY THE COMMISSION:

O P I N I O N

In Application No. 18079 the Railroad Commission is asked to enter its order authorizing Ord Ice Company to sell all of its properties to the First National Trust and Savings Bank of Santa Barbara, authorizing said bank to sell the said properties to Mission Ice Company and authorizing Mission Ice Company to issue notes, execute a deed of trust and lease the public utility properties thus acquired, to Puritan Ice Company and abandon the cold storage warehouse operations heretofore conducted and now being conducted by Ord Ice Company.

In Application No. 18090 Puritan Ice Company asks permission to endorse the note hereinafter referred to.

At the hearing had before Examiner Fankhauser in these matters on May 6th, counsel for applicants stipulated that the matters might be consolidated for the purpose of hearing and decision.

It is of record that Ord Ice Company is indebted to the First National Trust and Savings Bank of Santa Barbara for the amount of \$63,924.81, which indebtedness is represented by promissory notes secured by a deed of trust on the real property of Ord Ice Company and by a chattel mortgage on the personal property of said Ord Ice Company. Ord Ice Company is unable to pay this indebtedness. The First National Trust and Savings Bank of Santa Barbara has agreed to cancel the indebtedness and to waive all rights to a deficiency judgment or recourse against the stockholders of Ord Ice Company, ~~if Ord Ice Company will transfer~~ if Ord Ice Company will transfer to the bank all of its assets, both real and personal, of whatsoever kind or character and wheresoever situated. The bank in turn intends to sell and transfer these properties to Mission Ice Company for \$40,000.00. The \$40,000.00 is to be payable as follows:- If the transfer of the properties is completed by May 1, 1932, Mission Ice Company agrees to pay on the purchase price the sum of \$5,000.00 on said May 1, 1932; \$5,000.00 on November 1, 1932; \$5,000.00 on May 1, 1933; \$5,000.00 on November 1, 1933; \$5,000.00 on May 1, 1934; and the balance of \$15,000.00 on November 1, 1934; all deferred payments to bear interest at the rate of six percent per annum. If the transfer of the properties to Mission Ice Company is completed after May 1, 1932, but on or before August 30, 1932, the May 1, 1932 payment of \$5,000.00 is to be made at the time the properties are transferred.

The payment of the indebtedness will be secured by a deed of trust which will be a lien on the real property acquired by Mission Ice Company.

Mission Ice Company is a corporation having an authorized stock issue of \$100,000.00, divided into 1,000 shares of the par value of \$100.00 each. At this time there are 18 shares of stock of this company outstanding. The company was organized for the primary purpose of distributing in Santa Barbara and vicinity, ice manufactured by the Ord Ice Company, Santa Barbara Ice Company and Puritan Ice Company. At the time of its organization, six shares of its stock were issued to each of the three ice companies. Heretofore Puritan Ice Company has acquired the six shares of stock originally issued to Santa Barbara Ice Company. Through the instant transaction it will, upon the payment of the \$40,000.00 to the bank, acquire the six shares of stock originally issued to the Ord Ice Company.

It is of record that while the estimated present value of the properties of Ord Ice Company is in excess of \$40,000.00, the bank would be unable to accept the company's note in payment for the properties which it intends to sell to Mission Ice Company unless the same is endorsed by Puritan Ice Company, or some one else.

Mr. T. P. Dalzell, secretary and treasurer of Puritan Ice Company and also an officer of Mission Ice Company, testified that in his opinion the earnings of Mission Ice Company will be sufficient to enable that company to pay the \$40,000.00 indebtedness and that no actual liability will be assumed by Puritan Ice Company by endorsing the notes to which reference is made herein. He further testified that Puritan Ice Company will benefit materially through the acquisition of the Ord Ice Company properties by Mission Ice Company. It will enable Puritan Ice Company, among other things, to utilize its excess plant capacity. He stated that upon the

payment of the \$40,000.00, Puritan Ice Company will become the owner of all of the outstanding stock of Mission Ice Company.

It is not the intention of applicants that Mission Ice Company engage in a public utility business. The request is therefore made that Mission Ice Company, after acquiring the properties of Ord Ice Company, be permitted to lease the cold storage warehouse properties of Ord Ice Company to Puritan Ice Company, which is now engaged in operating a public utility warehouse at Atascadero. The cold storage building of Ord Ice Company contains 2,340 square feet of floor space and is reported as having a value of \$4,680.00. The nonutility properties will be also leased to Puritan Ice Company.

#### ORDER

The Railroad Commission having been asked to enter its order, as indicated in the foregoing opinion, the Commission having considered the record and testimony submitted at the hearing had on these applications, and being of the opinion that such applications should be granted, subject to the provisions of this order, that the money, property or labor to be procured or paid for by the issue of \$35,000. of notes by Mission Ice Company, is reasonably required by that company for the purpose herein stated, and that the expenditures for such purpose are not in whole or in part reasonably chargeable to operating expenses or to income, therefore,

IT IS HEREBY ORDERED as follows:

1. On and after the effective date hereof and prior to September 1, 1932, Ord Ice Company may sell and transfer all of its properties to First National Trust and Savings Bank of Santa Barbara, which in turn may sell and transfer said properties to Mission Ice Company, said sales and transfers to be made pursuant to the terms and conditions of the agreements filed in Application

No. 18079 as Exhibits "B" and "C".

2. After the effective date hereof and prior to September 1, 1932, Mission Ice Company may issue, in part payment for the aforesaid properties, notes in the aggregate amount of not exceeding \$35,000.00, and may concurrently with the acquisition of said properties, or prior to September 1, 1932, lease the public utility properties, which are now being operated by Ord Ice Company, to Puritan Ice Company.

3. Upon the execution of the aforesaid lease and during the life of such lease, Mission Ice Company may abandon the operation of the public utility properties now operated by Ord Ice Company and which properties it will acquire under the authority herein granted.

4. Puritan Ice Company may after the effective date hereof and prior to September 1, 1932, endorse the notes which Mission Ice Company is herein authorized to issue in part payment for the properties which Mission Ice Company will acquire under the agreement filed in Application No. 18079 as Exhibit "C", which agreement First National Trust and Savings Bank of Santa Barbara and Mission Ice Company are hereby authorized to execute.

5. Mission Ice Company may after the effective date hereof and prior to September 1, 1932, execute a deed of trust, substantially in the same form as the deed of trust filed in Application No. 18079 as Exhibit "D", provided that the authority herein granted to execute a deed of trust is for the purpose of this proceeding only, and is granted only insofar as this Commission has jurisdiction under the terms of the public utilities act and is not intended as an approval of said deed of trust as to such other legal requirements to which said deed of trust may be subject.

6. The authority herein granted will become effective when Mission Ice Company has paid the fee prescribed by Section 57 of the Public Utilities Act, which fee is Thirty-five(\$35.00) Dollars.

7. Within thirty(30) days after the acquisition of the aforesaid properties by Mission Ice Company, said Mission Ice Company shall file with the Railroad Commission(1) a certified copy of the deed or agreement under which it acquires and holds title to the properties referred to in this order, (2) a certified copy of the lease under which Mission Ice Company leases its public utility properties to Puritan Ice Company and (3) a certified copy of the note, or notes, which Mission Ice Company will issue in part payment for the aforesaid properties; and a certified copy of the deed of trust executed by Mission Ice Company to secure the payment of the aforesaid note or notes.

DATED at San Francisco, California, this 16<sup>th</sup> day of May, 1932.

W. J. ...  
Leon ...  
W. J. ...  
W. B. ...  
Fred G. ...  
Commissioners.

Fee \$ 35 <sup>00</sup>/<sub>100</sub>  
RAILROAD COMMISSION  
STATE OF CALIFORNIA  
MAY 16 1932  
BY W. J. ... SECRETARY  
Fee # 23684