

Decision No. 30493

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA.

In the Matter of the Application of)
CRYSTAL ICE REFRIGERATION COMPANY,)
a corporation, and L. C. Montgomery,)
an individual, for an order author-)
izing said corporation to lease to)
the said individual all of its cold)
storage business and that part of)
its plant, equipment, tools, etc.,)
incident thereto, situate in Anaheim,)
California.)

Application No. 21621

ORIGINAL

BY THE COMMISSION:

OPINION

Crystal Ice Refrigeration Company, a California corporation, asks permission to lease to L. C. Montgomery its public utility properties and business pursuant to the terms and conditions of the lease filed in this proceeding as Exhibit "C".

Crystal Ice Refrigeration Company is engaged in the business of manufacturing and selling ice at retail to consumers residing in and near the Cities of Anaheim, Fullerton and Whittier. Incidental to this business it has for several years past conducted a cold storage warehouse business in Anaheim under the jurisdiction of the Railroad Commission. Its petition shows that during the past five years its average annual income from all business was \$149,639.79. Its average annual income from its cold storage business during the same period was \$3,476.19, or 2.32%. For the calendar year 1936, its total income was \$202,057.25 and its income from its cold storage business \$3,404.82, or 1.68%.

As of December 31, 1936, applicant reports assets and liabilities as follows:-

ASSETS

Land and buildings	\$216,563.87
Machinery and equipment	231,429.85
Stock-Southern Counties Ice Company	3,262.00
Goodwill	12,961.00
Cash	3,123.49
Accounts receivable- Net	13,549.43
Inventories	8,305.08
Deferred charges	3,969.98
Other assets	3,302.36
Total assets	<u>\$496,467.06</u>

LIABILITIES

Capital stock-Common	\$114,600.00
-Preferred	36,000.00
Contracts payable	19,637.35
Incumbrances on machinery and equipment	35,750.00
Notes payable	17,000.00
Accounts payable	3,494.49
Other current assets	5,202.80
Reserves for depreciation	214,763.67
Surplus	50,018.75
Total Liabilities	<u>\$496,467.06</u>

Crystal Ice Refrigeration Company proposes to lease to L. C. Montgomery, its president and principal stockholder, for a period of five years, beginning January 1, 1938, all of its cold storage business and all of that part of its plant, equipment and other properties as is necessary or convenient to the proper conduct of said business, with the understanding and agreement that the service as heretofore, and as now being, conducted and rendered shall hereafter be maintained, and that the lessee, shall continue to operate under the present rates until authority to change the same has been obtained from the Commission. Under the terms of the lease, the lessee agrees to pay as rent all of the net profits resulting from the conduct and operation of the business. In the event the business is conducted at a loss, such loss will be borne by the lessor. It is agreed between the parties that in determining the net profits from the conduct and operation of the business, there shall be included as deductible expenses thereof any

and all disbursements and advances made during the term of the lease on account of labor, materials, supplies and financial or other service or assistance furnished or rendered to the lessee by the lessor. The lease further provides that its term of five years may be shortened by either party upon giving written notice thereof to the other party, such notice to state the earlier termination date.

Inasmuch as the lessee assumes all the public utility obligations of the lessor, and will continue to operate the said cold storage properties and business under the same rates now prevailing, we have no objection to the execution of the said lease.

O R D E R

Crystal Ice Refrigeration Company having asked permission to execute a lease similar in form to that filed in this proceeding as Exhibit "C", the Commission having considered applicant's request and being of the opinion that this is not a matter in which a hearing is necessary and that this application should be granted, therefore,

IT IS HEREBY ORDERED that Crystal Ice Refrigeration Company and L. C. Montgomery be, and they are hereby, authorized to execute, on or before January 1, 1938 a lease similar in form to that filed in this proceeding as Exhibit "C".

IT IS HEREBY FURTHER ORDERED that within thirty(30) days after the execution of the said lease, L. C. Montgomery shall file with the Commission a certified copy of the lease executed under the authority herein granted.

IT IS HEREBY FURTHER ORDERED that within thirty(30) days after the execution of the said lease, Crystal Ice Refrigeration Company and L. C. Montgomery shall join in common supplement to the rates on file with the Railroad Commission in the name of Crystal Ice Refrigeration Company, said Crystal Ice Refrigeration Company on the one hand with-

drawing and said L. C. Montgomery on the other hand adopting and establishing as his own said rates.

DATED at San Francisco, California, this 13th day of December, 1937.

W. H. Montgomery
Leon C. Kelly
James B. Allen
Randolph
W. H. Rice
Commissioners.