

Decision No. 31552

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Joint Application of HARBOR DISTRICT WAREHOUSE COMPANY, and CITY & HARBOR WAREHOUSE, LTD., both California corporations, for an order authorizing the transfer of a Certificate of Public Convenience and Necessity previously issued to City & Harbor Warehouse, Ltd., and for order authorizing issuance of capital stock by the Harbor District Warehouse Company.

Application No. 22375

C. W. Gorham, for Harbor District Warehouse Company
G. C. Raney, for City & Harbor Warehouse, Ltd.
C. G. Munson, for Los Angeles Warehousemen's Association

BY THE COMMISSION:

O P I N I O N

In this application, as amended at the hearing had on December 5th before Examiner Fankhauser, City & Harbor Warehouse, Ltd. asks permission to transfer its certificate of public convenience and necessity and to lease its warehouse properties to Harbor District Warehouse Company. Harbor District Warehouse Company asks permission to issue five shares of its common capital stock for a total consideration of \$7,500.00 and use the proceeds for working capital.

The Commission by Decision No. 22972, dated October 17, 1930 in Application No. 16592 declares "that public convenience and necessity require the construction of a public warehouse and the establishment and maintenance of a public warehouse by applicant, (City & Harbor Warehouse, Ltd.) herein on the following described site:-

Lot Five(5) and part of Lot Six(6) of Mormon Island Subdivision, as shown on a map of a portion of Tideland Location No. 152, as per Book 9, page 274 of Patents, in the office of the County Recorder of Los Angeles County, etc., as set forth more fully in Exhibit 7 filed at the hearing herein."

This land is owned by the City of Los Angeles and leased to the City & Harbor Warehouse, Ltd. under a lease which expires on July 23, 1947.

The record shows that the City & Harbor Warehouse, Ltd. constructed a warehouse building on said site and has since then been engaged in the public utility warehouse business. The building is a one-story building divided into three sections, having a total square footage of approximately eighty thousand (80,000) square feet. It, together with the equipment and furniture, cost approximately \$95,000. The City & Harbor Warehouse, Ltd. proposes to lease the building with all equipment and furniture to the Harbor District Warehouse Company under and pursuant to the terms of the lease filed in this proceeding as Exhibit A. The lease terminates on February 28, 1947. Under its terms the lessee is obligated to pay the following rental:-

- (a) The sum of \$500. per month for the first two months of the term of the lease, plus the fractional part of any month that the lessee shall be in possession of the premises.
- (b) The sum of \$1,000. per month for the next six calendar months of the term of the lease.
- (c) The sum of \$1200. for the next six calendar months of the term of the lease.
- (d) The sum of \$1400. for the next 12 months of the term of the lease.
- (e) The sum of \$1600. for each and every month during the balance of the term of the lease, including the fractional part of any month that the lessee shall be in possession of the property.

The lessee is not responsible for any structural or latent defects in or about the equipment or building, nor for any repairs which are in their nature, purely structural, and not occasioned by the acts or omissions of the lessee.

While the order herein authorizes applicants to execute a lease similar in terms to the lease filed in this proceeding as Exhibit A, we are not making a finding that the rent which Harbor District Warehouse Company has agreed to pay, is a reasonable rent for the premises. If the rental payments become an issue before the Commission,

they will be considered de nova.

Applicant Harbor District Warehouse Company is a California corporation. It has an authorized stock issue of \$25,000.00 divided into 25,000 shares of \$1.00 each. As said, it now asks authority to issue five shares of its stock for a total consideration of \$7,500.00. The stock is being acquired by James Clark, L. A. Perryman and C. W. Gorham or their nominees. It is of record that they are paying \$1,500. per share for the reason that they desire the corporation to be a closed corporation and maintained as such.

The testimony shows that Harbor District Warehouse Company will adopt and operate under the rates now on file by the City & Harbor Warehouse, Ltd., and that it will make no changes in such rates except as authorized by law.

C. G. Munson, representing the Los Angeles Warehousemen's Association, stated that the Association has no objection to the transfer of the certificate of public convenience and necessity and the execution of the lease, to which reference has been made.

ORDER

The Commission having been asked to enter its order, as indicated in the foregoing opinion and having considered the evidence submitted at the hearing had, and it being of the opinion that the money, property or labor to be procured or paid for by the issue of the stock herein authorized is reasonably required by applicant Harbor District Warehouse Company for the purposes herein stated, and that the expenditures for such purposes are not in whole or in part reasonably chargeable to operating expense or to income and that this application should be granted, as herein provided, therefore,

IT IS HEREBY ORDERED as follows:-

1. City & Harbor Warehouse, Ltd. may, on or before December 31, 1938, transfer to the Harbor District Warehouse Company, the certificate of public convenience and necessity granted to it by Decision No. 22972, dated October 17, 1930 in Application No. 16592.

2. City & Harbor Warehouse, Ltd. and Harbor District Warehouse Company may, on or before December 31, 1938, execute a lease similar in terms to the lease filed in this proceeding as Exhibit A.

3. Harbor District Warehouse Company may, on or before December 31, 1938, issue five shares of its common capital stock for a total consideration of not less than \$7,500.00, and use the consideration received through the issue of said stock for working capital.

4. City & Harbor Warehouse, Ltd. and Harbor District Warehouse Company shall join in a common supplement to City & Harbor Warehouse, Ltd.'s Warehouse Tariff No. 2, C.R.C. No. 2, on file with the Commission, said City & Harbor Warehouse, Ltd. on the one hand withdrawing and Harbor District Warehouse Company on the other hand adopting and establishing as its own said tariff.

5. Harbor District Warehouse Company shall keep such record of the issue, sale and delivery 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 Railroad Commission's General Order 124-74, which order insofar as applicable, is made a part of this order.

6. Within thirty(30) days after the date of this order, Harbor District Warehouse Company shall file with the Commission a report showing the date when it acquired the aforesaid certificate of public convenience and necessity, and file with the Commission a copy of

the lease in the form as executed under the authority herein granted.

DATED at San Francisco, California, this 12th day of
December, 1938.

Raymond
Iron Wholly
Frank Deane
Ray Kelly
W. J. Kelly

COMMISSIONERS.