

Decision No. 31791

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of SECURITY WAREHOUSE & COLD STORAGE COMPANY to take over all the assets of Security Warehouse & Cold Storage Corporation, to purchase 600 shares of the capital stock of Security Storage & Moving Company having the par value of \$20. per share at a total cost of \$12,000.; to lease to Security Storage & Moving Company that merchandise storage warehouse located at 390 North Second Street, San Jose, County of Santa Clara; and Security Warehouse & Cold Storage Corporation to transfer to Security Warehouse & Cold Storage Company all its assets; and Security Storage and Moving Company authority to issue 600 shares of its capital stock having the par value of \$20. per share and to sell said capital stock to Security Warehouse & Cold Storage Company for \$12,000.; to lease from Security Warehouse & Cold Storage Company that merchandise storage warehouse at 390 North Second Street, San Jose, County of Santa Clara.

ORIGINAL

Application No. 22576

BY THE COMMISSION:

O P I N I O N

This is an application filed jointly by Security Warehouse & Cold Storage Corporation, Security Warehouse & Cold Storage Company and Security Storage & Moving Company for an order of the Railroad Commission as follows:-

1. Authorizing Security Warehouse & Cold Storage Corporation to transfer all its assets to Security Warehouse & Cold Storage Company;-
2. Authorizing Security Warehouse & Cold Storage Company to adopt the cold storage tariffs of Security Warehouse & Cold Storage Corporation and to operate as a public utility; to lease certain warehouse properties to Security Storage & Moving Company; and to acquire certain stock to be issued by Security Storage & Moving Company; and

3. Authorizing Security Storage & Moving Company to issue \$12,000. par value of its common capital stock and to adopt the merchandise storage tariff of Security Warehouse & Cold Storage Corporation.

Security Warehouse & Cold Storage Company is a California corporation engaged in the ice manufacturing and other non-utility business in San Jose. In addition it owns certain warehouse properties, used for both cold storage and merchandise (dry) warehousing, which it leases to Security Warehouse & Cold Storage Corporation, a wholly owned subsidiary.

Security Warehouse & Cold Storage Corporation is a California corporation engaged in the operation of the cold storage and merchandise warehouses, which it leases from its parent company, and in the business of a city carrier, radial highway carrier and interstate carrier and in the storage of secondhand household goods and personal effects. It owns no properties except certain trucks and equipment.

Security Storage & Moving Company is a new corporation organized under the laws of the State of California primarily for the purpose of acquiring and conducting the public utility merchandise warehousing and the non-public utility moving and carrier operations now performed by Security Warehouse & Cold Storage Corporation. The capital stock it now proposes to issue, \$12,000. par value, will be purchased at par and be held by Security Warehouse & Cold Storage Company. The proceeds realized will be used to purchase vans for use in the moving business and for working capital.

Of the three applicants Security Warehouse & Cold Storage Corporation is the only one at present operating as a public utility under the jurisdiction of this Commission. It is the intention of those in control of the affairs of the three corporations to dissolve the Security Warehouse & Cold Storage Corporation and to cause the ice

manufacturing and cold storage warehousing to be performed by Security Warehouse & Cold Storage Company and the merchandise warehousing and moving and carrier operations by Security Storage & Moving Company. It is alleged that the program will result in a certain saving in operating expense through the reduction of clerical detail and a duplication in taxes.

It appears that title to the various plants and properties will reside in Security Warehouse & Cold Storage Company. Accordingly, a lease arrangement is proposed whereby Security Warehouse & Cold Storage Company will lease to Security Storage & Moving Company the 4-story concrete warehouse building located at 390 North Second Street, San Jose, together with machinery, apparatus and equipment contained therein necessary and/or useful in the operation and conduct thereof as a public utility dry warehouse and the use of a spur track lying adjacent to the warehouse. The lease will run for a period of twenty years, and thereafter from year to year, unless and until terminated by thirty days written notice given by either party, and will call for the payment by the lessee of a monthly rental of \$335.00, plus the payment of all property taxes applicable to the leased property; fire, earthquake, strike, riot and civil commotion, and use and occupancy insurance applicable to the leased property, and in addition, twenty per cent. of all net profits.

A copy of the proposed lease is attached to the application herein and marked Exhibit D.

It appears that the program as authorized should result in no limitation or curtailment in the service offered to the public and in no change in the charges for such service.

An order accordingly will be entered.

O R D E R

Security Warehouse & Cold Storage Corporation, Security Warehouse & Cold Storage Company and Security Storage & Moving Company having filed with the Railroad Commission their joint application, as above entitled, and the Commission having considered this matter and being of the opinion that a public hearing is not necessary and that the requests of applicants should be granted, as herein provided,

IT IS HEREBY ORDERED as follows:-

1. Security Warehouse & Cold Storage Corporation may transfer on or before June 30, 1939 all its assets to Security Warehouse & Cold Storage Company.
2. Security Warehouse & Cold Storage Company and Security Storage & Moving Company may on or before June 30, 1939 execute and enter into a lease agreement in or substantially in the same form as that attached to the application herein and marked Exhibit "D".
3. Security Storage & Moving Company may on or before June 30, 1939 issue and sell at par for cash, \$12,000.00 par value of its common capital stock for the purpose of financing the cost of vans to be used in its moving business and of providing working capital, it being the opinion of the Commission that the money, property or labor to be procured or paid for through the issue of said stock is reasonably required for the purposes specified herein and that the expenditures for such purposes are not, in whole or in part, reasonably chargeable to operating expenses or to income.
4. Security Warehouse & Cold Storage Company may acquire and hold the stock which Security Storage & Moving Company is herein authorized to issue.
5. Security Warehouse & Cold Storage Corporation and Security Warehouse & Cold Storage Company within twenty days after the effective date of the order shall join in a common supplement to be filed with the

Commission in triplicate, whereby the former withdraws from its cold storage tariffs on file with the Commission and the latter adopts and establishes as its own such tariffs and all effective supplements thereto.

6. Security Warehouse & Cold Storage Corporation and Security Storage & Moving Company within twenty days after the effective date of this order shall join in a common supplement, to be filed with the Commission in triplicate, whereby the former withdraws from its merchandise (dry) storage tariffs on file with the Commission and the latter adopts and establishes as its own such tariffs and all effective supplements thereto.

7. Security Storage & Moving Company shall file with the Commission a copy of the lease, authorized herein, as actually executed within thirty days after such execution and a report, or reports, of the issue of the \$12,000.00 of stock and the disposition of the proceeds, as required by the Commission's General Order No. 24-A, which order, insofar as applicable, is made a part of this order.

8. The authority herein granted shall become effective fifteen (15) days after the date hereof.

DATED at San Francisco, California, this 27<sup>th</sup> day of February, 1939.

Richard W. ...  
Frank ...  
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COMMISSIONERS.