

Decision No. 32354

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Joint Application of
 GRACE BROS., INC.,
 a corporation, to lease certain property,
 cancel its tariffs and suspend its opera-
 tions as a warehouseman,
 Lessor,
 and
 SANTA ROSA ICE AND COLD STORAGE COMPANY,
 a corporation, for authority to issue
 certain shares of stock,
 Lessee.

ORIGINAL

Application No. 22968

BY THE COMMISSION:

O P I N I O N

This is an application for an order of the Railroad Commission authorizing Grace Bros., Inc. to lease certain public utility cold storage property to Santa Rosa Ice and Cold Storage Company, and authorizing Santa Rosa Ice and Cold Storage Company to issue five shares for cash at \$100 a share, of its common capital stock.

Grace Bros., Inc. is engaged, among other things, in the business of manufacturing and selling ice and, incidentally thereto, in the public utility cold storage business in Santa Rosa. Its public utility operations constitute but a small part of its total business. In 1938 it reported utility revenues of \$16,591 and non-utility revenues of \$126,594; in 1937, utility revenues of \$22,963 and non-utility revenues of \$297,457; and in 1936, utility revenues of \$8,031 and non-utility revenues of \$317,879.

In the present application, the corporation reports that it desires to separate its utility operations from its non-utility operations and accordingly plans to transfer its public utility cold

storage business to a separate corporation it has caused to be organized, namely, Santa Rosa Ice and Cold Storage Company, and to lease to said corporation all of its warehouse properties located on Donahue Street and the railroad tracts between Eighth and Ninth Streets, in Santa Rosa, which are reasonably required to perform the cold storage services.

A copy of the lease agreement, dated August 26, 1939, has been filed with the Commission. Under its terms the lessee agrees to pay as rent all of the net revenue derived from its use and occupation of the leased premises as a cold storage public utility, provided, however, that said rental shall in no event be less than \$100 a year. The term of the lease shall be and continue in effect until terminated by either party by the giving of sixty days written notice, provided, however, that the term shall extend at least one year from its date.

It appears that Santa Rosa Ice and Cold Storage Company, the lessee, will assume the public utility obligations of Grace Bros., Inc. and will continue to give the same public utility service under the same rates, rules and regulations which now prevail. Grace Bros., Inc. has agreed to supply Santa Rosa Ice and Cold Storage Company with all necessary working capital.

Santa Rosa Ice and Cold Storage Company has an authorized capital stock of 2500 shares without par value. The company proposes, at this time, to issue and sell to Grace Bros., Inc. five shares, for cash, at the rate of \$100 a share, and to use the proceeds to pay incorporation expenses.

ORDER

Grace Bros., Inc. and Santa Rosa Ice and Cold Storage Company having applied to the Railroad Commission for an order authorizing the leasing of public utility properties and the issue of stock, and

the Commission being of the opinion that this is not an application in which a public hearing is necessary, that the application should be granted, as herein provided, that the money, property or labor to be procured or paid for through the issue of such stock is reasonably required for the purpose specified herein, and that the expenditures for such purpose are not, in whole or in part, reasonably chargeable to operating expenses or to income,

IT IS HEREBY ORDERED that Grace Bros., Inc. and Santa Rosa Ice and Cold Storage Company be, and they hereby are authorized to execute a lease in, or substantially in, the same form as that dated as of August 28, 1939 filed with the Commission in this proceeding.

IT IS HEREBY FURTHER ORDERED that Santa Rosa Ice and Cold Storage Company be, and it hereby is authorized to issue and sell, on or before December 31, 1939, five shares of its common capital stock at a price of \$100 a share, and to use the proceeds to pay incorporation expenses.

IT IS HEREBY FURTHER ORDERED that within thirty(30) days after the execution of the lease Grace Bros., Inc. and Santa Rosa Ice and Cold Storage Company shall join in common supplement to the tariffs now on file with the Railroad Commission in the name of Grace Bros., Inc., whereby said Grace Bros., Inc. on the one hand withdraws and Santa Rosa Ice and Cold Storage Company, on the other hand, adopts and establishes as its-own, said tariffs and all effective supplements thereto.

IT IS HEREBY FURTHER ORDERED that Santa Rosa Ice and Cold Storage Company shall file with the Commission, within thirty(30) days after the issue of the stock herein authorized, a verified report, as required by the Commission's General Order No. 24-A.

IT IS HEREBY FURTHER ORDERED that the authority herein granted shall become effective upon the date hereof.

DATED at ^{Los Angeles} ~~San Francisco~~ California, this 21st day of September, 1939.

COMMISSIONERS.