

Decision No. 33519

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of
VALLEY COMPRESS COMPANY,

a California corporation, to lease,
and GREGORY HAMILTON, GLORIA HAMILTON,
and CECIL F. WHITE, as general part-
ners, doing business under the firm
name and style of VALLEY COMPRESS
COMPANY, a limited co-partnership, to
hire the whole of the warehouse pro-
perty and compressing machinery and
other physical property of said
corporation located at Pinedale,
Fresno County, California.

ORIGINAL

Application No. 23732

BY THE COMMISSION:

O P I N I O N

In this proceeding the Commission is asked to enter its order authorizing Valley Compress Company, a corporation, to lease to Valley Compress Company, a limited co-partnership, all of its public utility warehouse properties. A copy of the lease which applicants intend to execute is filed in this proceeding as Exhibit "B." An amendment to the lease, dating it on October 1, 1940 was filed on October 10, 1940.

Valley Compress Company, a corporation, owns and operates public utility warehouse properties at Pinedale. It also is engaged in the cotton compressing business and in business incident thereto. For the year ending June 30, 1940 it reports its gross income at \$316,083.62 and its net income at \$75,265.87. Valley

Compress Company, a corporation, has outstanding \$50,000 of common stock divided into 50,000 shares with a par value of \$1.00 each. The stock is owned by the following persons: Gregory Hamilton, 12,700 shares; Gloria Hamilton, 12,700 shares; Cecil F. White, 10,000 shares; Wm. M. Abbott, 6,350 shares; R. G. Hamilton, 4,750 shares; D. H. Scott, 3,500 shares.

The Valley Compress Company, a corporation, has agreed to lease all of its properties to Valley Compress Company, a limited copartnership, composed of Gregory Hamilton, Gloria Hamilton, and Cecil F. White as general partners and Wm. M. Abbott, R. G. Hamilton, and D. H. Scott as limited partners. The copartners, all of whom are stockholders of the corporation, have contributed a total sum of \$30,000 in cash as the capital of said limited copartnership. The limited copartnership will conduct the same general type of warehouse and cotton compressing business as has heretofore been conducted by Valley Compress Company, a corporation. It will have the same management and employees as the corporation and will conduct its public utility business in conformity with the rates, rules and regulations of the Valley Compress Company, a corporation, now on file with the Commission. It will adopt and establish such rates as its own.

The proposed lease will be for the term of one year beginning October 1, 1940, and ending September 30, 1941. Thereafter the lessee will hold the leased properties on a month to month tenancy. Either party may terminate such month to month tenancy on the last day of any month by giving at least one month's previous notice of such termination to the other party. Lessee agrees

to pay for the premises for the year ending September 30, 1941, \$30,000 payable in monthly installments of \$2,500 each. Thereafter the monthly rental is fixed at \$2,500. Under the terms of the lease, the limited copartnership may use the leased premises solely for the purpose of storing, compressing, processing and handling cotton and cotton by-products, and in the operation of a general warehousing and merchandising business.

Applicants desire to enter into the lease for the reason that they believe that the conducting of said public utility business in a limited partnership form is a matter of greater convenience and economy and will give Valley Compress Company, a corporation, greater freedom to engage in nonutility business.

We have no objection to the execution of the lease filed in this proceeding. It should be understood, however, that if the terms of this lease become an issue in any proceeding before the Commission it will consider such terms de novo.

O R D E R

The Commission having considered the request of Valley Compress Company, a corporation, and of Valley Compress Company, a limited copartnership, and it being of the opinion that this is not a matter on which a hearing is necessary and that this application should be granted subject to the provisions of this order, therefore

IT IS HEREBY ORDERED that Valley Compress Company, a corporation, and Valley Compress Company, a limited copartnership,

be, and they are hereby, authorized to execute, on or before December 31, 1940, a lease similar in form to the lease filed in this proceeding as Exhibit "B," as amended.

IT IS HEREBY FURTHER ORDERED that applicant Valley Compress Company, a corporation, shall within sixty (60) days from the date of this order and on not less than five days' notice to the Commission and the public, unite with applicant, Valley Compress Company, a limited copartnership, in a common supplement to the tariff now on file with the Commission in the name of Valley Compress Company, a corporation, applicant Valley Compress Company, a corporation, withdrawing and applicant Valley Compress Company, a limited copartnership, adopting and establishing such tariff as its own.

IT IS HEREBY FURTHER ORDERED that the authority herein granted is subject to the condition that the Commission reserves the right to consider de novo, the reasonableness of the terms of said lease, if, and when said terms become an issue before the Commission, and to modify said terms.

Dated at San Francisco, California, this 22nd day of October, 1940.

Ray & Rice
Frank Smith
Kay & Rice

Justus J. Coe
Commissioners