

Decision No. 35106

ORIGINAL

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application
Of

NATIONAL ICE AND COLD STORAGE
COMPANY OF CALIFORNIA

For an Order Authorizing Applicant to Acquire by Sale, Assignment and Transfer the Right, Privilege, Franchise or Permit Held, Owned and Obtained by the Growers Cold Storage Corporation for the Doing of Business as a Food Warehouseman, and for an Order Authorizing Applicant to Execute and Deliver to the Growers Cold Storage Corporation a Promissory Note, together with a Mortgage of Chattels and a Real Property Mortgage, upon the Applicant Receiving from the Growers Cold Storage Corporation a Deed to the Real Property and a Bill of Sale covering said Chattels.

Application No. 24799

BY THE COMMISSION:

O P I N I O N

This proceeding involves the transfer of the properties of Growers Cold Storage Corporation to National Ice and Cold Storage Company of California, the issue of a \$115,000 promissory note in part payment for the properties of Growers Cold Storage Corporation, and the execution of a real property mortgage and a mortgage of chattels to secure the payment of said note.

Growers Cold Storage Corporation is a California corporation engaged in the business of conducting a cold storage plant and warehouse located at 51st and Alameda Streets, in the

City of Vernon, Los Angeles County.

For 1941 the company reports operating revenues of \$42,908.76 and operating expenses, including taxes and uncollectible accounts, of \$36,308.69, leaving a net income of \$6,607.00. Growers Cold Storage Corporation, as of December 31, 1941, reports its assets and liabilities as follows:

ASSETS

Organization		\$ 660.35
Cold Storage property and equipment		195,469.33
Cash		19,857.23
Notes receivable		4,892.84
Accounts receivable		15,229.45
Due on storage charged	\$14,096.50	
Advances for customers	996.30	
Other accounts receivable	<u>136.65</u>	
Materials and supplies		2,642.13
Prepayments		<u>1,384.64</u>
Total Assets		<u>\$240,135.97</u>

LIABILITIES

Capital stock		\$176,300.00
Accounts payable		347.82
Accrued liabilities		1,514.91
Accrued depreciation reserve		61,930.98
Earned surplus		<u>42.26</u>
Total Liabilities		<u>\$240,135.97</u>

Consolidated Produce Company owns \$123,400.00 and Hall, Haas & Vessey, Ltd. \$52,900.00 of Growers Cold Storage Corporation's outstanding stock. The company and its stockholders have agreed to sell to National Ice and Cold Storage Company of California all of its physical assets, save and except its book accounts and its accounts receivable, for the sum of \$140,000.00. The purchaser will pay \$25,000.00 of the purchase price in cash and will issue to the seller for the remainder its note for \$115,000.00. The note is payable in quarterly installments of \$6,250.00 commencing on January 2, 1943, together with interest on the unpaid balance from date of the close of the transaction.

at the rate of 4% per annum, payable quarterly.

The value of the land of Growers Cold Storage Corporation, as of February 13, 1942, is reported at \$35,550.00, and the cost to replace its buildings and equipment, as of February 16, 1942, is reported at \$182,607.00. The depreciated replacement cost of the buildings and equipment is reported at \$116,839.00.

Applicant, National Ice and Cold Storage Company of California, now operates a cold storage warehouse at 200 Center Street, Los Angeles. Its present facilities at that location are inadequate. Because of the difficulty in obtaining materials it has concluded to acquire the properties of Growers Cold Storage Corporation rather than enlarge said Los Angeles plant.

A copy of the mortgage which National Ice and Cold Storage Company of California desires to execute is filed in this proceeding as Exhibit C, while a copy of the mortgage of chattels is filed as Exhibit D. Both of these documents contain a copy of the proposed note. We have examined the documents and have no objection to the same.

The rates of Growers Cold Storage Corporation are, in some respects, lower than the rates of National Ice and Cold Storage Company of California for its Los Angeles plant. This proceeding does not involve the adjustment of any rates. Our order authorizing the transfer of properties, the issue of a note and the execution of mortgages should not be construed as authorizing National Ice and Cold Storage Company of California to extend its rates to the warehouse plant presently owned by Growers Cold Storage Corporation. Until a change in the rates now charged at the plant of Growers Cold Storage Corporation is authorized by the Commission, National Ice and Cold Storage Company of California shall continue to charge at said plant the

rates presently charged by Growers Cold Storage Corporation.

National Ice and Cold Storage Company of California should obtain and preserve the records, or copies of the records, showing the original cost of the properties of Growers Cold Storage Corporation.

O R D E R

The Commission having considered applicant's request and it being of the opinion that this is not a matter on which a hearing is necessary; that the money, property or labor to be procured or paid for by National Ice and Cold Storage Company of California, through the issue of the note herein authorized is reasonably required for the purposes herein stated; that the expenditures for said purposes are not, in whole or in part, reasonably chargeable to operating expenses or to income, and that this application should be granted subject to the provisions of this order, therefore,

IT IS HEREBY ORDERED as follows:

1. Growers Cold Storage Corporation may, after the effective date hereof and on or before June 30, 1942, transfer to National Ice and Cold Storage Company of California the properties described in the bill of sale filed in this proceeding as Exhibit A and the properties described in the corporation grant deed filed in this proceeding as Exhibit B.

2. National Ice and Cold Storage Company of California may, after the effective date hereof and on or before June 30 1942, acquire and operate the aforesaid properties, and issue in part payment therefor, its note for the sum of \$115,000.00, said note to be in substantially the same form as the note incorporated in and made a part of Exhibit C filed in this proceeding, provided:

that the consideration paid for said properties is not urged before this Commission as a determination of the value of said properties for any purpose other than the transfer herein authorized.

3. National Ice and Cold Storage Company of California may, after the effective date hereof and on or before June 30, 1942, execute a mortgage in substantially the same form as the mortgage filed in this proceeding as Exhibit C and a mortgage of chattels in substantially the same form as the mortgage of chattels filed in this proceeding as Exhibit D, provided that the authority herein granted to execute a mortgage and a mortgage of chattels is for the purpose of this proceeding only and is granted only insofar as this Commission has jurisdiction under the terms of the Public Utilities Act and is not intended as an approval of said mortgage or said mortgage of chattels as to such other legal requirements to which said mortgage or said mortgage of chattels may be subject.

4. Growers Cold Storage Corporation and National Ice and Cold Storage Company of California shall, within sixty (60) days from the effective date of this order and on not less than five (5) days' notice to the Commission and to the public, supplement the tariff now on file with this Commission in the name of Growers Cold Storage Corporation, said Growers Cold Storage Corporation effecting a withdrawal therefrom and National Ice and Cold Storage Company of California adopting and establishing said tariff as its own.

5. The authority herein granted will become effective when National Ice and Cold Storage Company of California has paid the fee prescribed by Section 57 of the Public Utilities Act, which fee is One Hundred and fifteen (\$115.00) Dollars.

6. Within sixty (60) days after the acquisition of the properties of Growers Cold Storage Corporation, National Ice and Cold Storage Company of California shall file with the Railroad Commission a true and correct copy of the mortgage and of the mortgage of chattels executed under the authority herein granted, and shall also file with the Commission a statement showing by accounts the cost to Growers Cold Storage Corporation of the properties which said corporation has sold to National Ice and Cold Storage Company of California.

Dated at San Francisco, California, this 10th day of March, 1942.

Justus F. Calver

Ray A. Riley

Frank R. Havenner

Richard L. ...

Commissioners

