

Decision No. 41673

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of
LOS ANGELES BREWING CO. and
LOS ANGELES BREWING COMPANY

for an order (a) authorizing Los
Angeles Brewing Co. to sell, transfer
and convey to Los Angeles Brewing
Company property used for public
warehouse purposes and (b) author-
izing Los Angeles Brewing Company, as
lessor and Los Angeles Brewing Co. as
lessee to enter into a lease of said
property following such sale.

ORIGINAL

Application
No. 29371

O P I N I O N

This is an application by Los Angeles Brewing Co. and Los Angeles Brewing Company for an order of the Public Utilities Commission authorizing the sale and lease of certain public utility warehouse properties located at 650-666 Moulton Avenue, Los Angeles. Said properties consist of warehouse buildings with a combined floor area of approximately 68,600 square feet, the land upon which said buildings are located, and all machinery, equipment, fixtures, furniture and other personal property located in or about said buildings and used or useful in connection with the operation thereof as a public warehouse.

Los Angeles Brewing Co., hereinafter referred to as "Transferor", is a California corporation engaged in the business of manufacturing, selling and distributing malt beverages and vinous and spirituous liquors, and, in connection therewith, in

the operation of a public warehouse business for the storage of alcoholic beverages. Its financial statements on file with the Commission show its revenues from its warehouse operations at \$3,766 for the year ending October 31, 1945, at \$11,878 for the year ending October 31, 1946, and at \$13,242 for the year ending October 31, 1947, with revenues from its nonutility operations at \$26,958,352 for the comparable period ending in 1945, at \$28,945,592 in 1946, and at \$32,907,336 in 1947. In its balance sheet as of October 31, 1947, it reported its book cost of warehouse properties at \$162,993 and of other physical properties at \$3,198,786.

The application shows that as part of a transaction whereby Pabst Brewing Company, a Delaware corporation, will acquire control of the properties, arrangements have been made for Transferor to sell, transfer and convey all of its assets and business, including the land, buildings, equipment, furniture, fixtures and other personal property comprising the warehouse properties, to a new California corporation known as Los Angeles Brewing Company, and for said new corporation concurrently to lease said warehouse properties back to Transferor. The proposed lease (Exhibit I) is dated June 2, 1948, and ends on May 31, 1949, unless sooner terminated, and provides, in lieu of cash rental, for the lessee to store for the lessor, without charge, such alcoholic beverages as the lessor may, from time to time, tender for that purpose, provided that the storage space to be made available to the lessor shall not exceed 85% of the storage space in Internal Revenue Bonded Warehouse No. 48, plus 100% of the storage space in the remaining portion of the demised premises.

It is reported that the new corporation does not at any time propose to operate a public warehouse business in the premises referred to, or elsewhere, and that the leasing arrangement is proposed merely as a means of providing continued storage, in the same manner as at present, for the property of Transferor's warehouse customers, approximately twelve in number, until provision can be made for the removal of the property of such customers, at which time Transferor, subject to the obtaining of such authority as may be required, will withdraw from the business of operating as a public warehouseman and the lease will terminate.

An order authorizing the sale and lease of the warehouse properties, as requested herein, will be entered. No authority is here granted to Los Angeles Brewing Co. to discontinue or withdraw from its public utility operations.

O R D E R

The Public Utilities Commission having considered the above entitled matter and being of the opinion that a public hearing is not necessary and that the application should be granted, as herein provided,

IT IS HEREBY ORDERED as follows:

1. Los Angeles Brewing Co., after the effective date hereof and on or before July 31, 1948, may sell, transfer and convey to Los Angeles Brewing Company, the public utility warehouse properties referred to in the preceding opinion and in this application, provided that concurrently with such sale, transfer

and conveyance, Los Angeles Brewing Co. and Los Angeles Brewing Company shall enter into a lease in, or substantially in, the same form as the lease filed in this proceeding as Exhibit I, which lease Los Angeles Brewing Co. and Los Angeles Brewing Company are authorized to execute and enter into.

2. The action taken herein shall not be construed to be a finding of the value of the properties referred to herein.

3. The authority herein granted will become effective upon the date hereof.

Dated at San Francisco, California, this 28th day of May, 1948.

R. Z. Anderson

Wesley Lawrence

Kenneth Potter
Commissioners