

Decision No. 62898**ORIGINAL**

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of)
 SOUTH COAST PACKING COMPANY, INC.,)
 a corporation, for a certificate of)
 public convenience and necessity)
 authorizing it to operate a cold)
 storage warehouse in Los Angeles,)
 California, and to issue stock.)

Application No. 43716

Thomas T. Johnson, for South Coast Packing
 Company, Inc., applicant.
Vaughan, Paul & Lyons, by John G. Lyons
 for B-Lo Cold Storage Co., Burbank Re-
 frigerating Company, Los Angeles Cold
 Storage Co., National Storage Company,
 Terminal Refrigerating Company and
 Union Ice & Storage Company, protestants.

O P I N I O N

Public hearing was held before Examiner Power at
 Los Angeles on October 31, 1961 and the matter was submitted.

Applicant, a California corporation, seeks a certificate
 to operate 40,510 feet of cold storage public utility warehouse
 space in Los Angeles. It also seeks authority to issue 2400 shares
 of no par value capital stock.

Applicant has two buildings on Mesquit Street in
 Los Angeles a short distance south of Sixth Street. The location
 is adjacent to tracks of The Atchison, Topeka and Santa Fe Railway
 and the Los Angeles River. Refrigeration is obtained from a
 neighboring company.

Three witnesses testified at the hearing. Protestants stipulated that three others present at the hearing would have testified, if called, in the same manner. The witnesses testified to the usefulness of applicant's facility to them. Two points were emphasized, location and early opening. The location is adjacent to the produce marketing area of Los Angeles. Applicant opens much earlier than commercial storers usually do. Both of those factors are important to the produce dealers who will be its principal users. Their products do not require temperatures below 30° Fahrenheit.

Protestants are in the business of controlled temperature warehousing. Their primary interest is, however, in so-called "freezer" products, frozen foods for example. These require temperatures of less than 30° Fahrenheit. They entered into a written stipulation with applicant that they do not oppose a certificate to store products that do not require temperatures of less than 30° Fahrenheit. This stipulation is not contrary to the interests of the public witnesses who are storers of fresh fruits and vegetables which do not require the "freezer" temperatures. Neither is it contrary to the present practice of applicant.

The Commission finds and concludes that public convenience and necessity require the granting of a certificate to applicant as set forth in the following order.

Applicant seeks to issue 2400 shares of its no par value common capital stock to retire a \$6000 note and to pay \$1200 on a \$4000 note. These notes are owed to a member of the family of applicant's president.

The Commission finds and concludes that the money, property or labor to be procured or paid for by the issuance of the securities herein authorized is reasonably required for the purposes specified herein, and that such purposes are not in whole or in part reasonably chargeable to operating expenses or to income.

In issuing our order herein, we place applicant and its shareholders on notice that we do not regard the number of shares outstanding, the total par value of the shares nor the dividends paid as measuring the return applicant should be allowed to earn on its investment in plant and that the approval herein given is not to be construed as a finding of value of applicant's stock or properties nor as indicative of amounts to be included in a future rate base for the determination of just and reasonable rates.

South Coast Packing Company, Inc., is hereby placed on notice that operative rights, as such, do not constitute a class of property which may be capitalized or used as an element of value in rate fixing for any amount of money in excess of that originally paid to the State as the consideration for the grant of such rights. Aside from their purely permissive aspect, such rights extend to the holder a full or partial monopoly in a particular location. This monopoly feature may be modified or canceled at any time by the State, which is not in any respect limited as to the number of rights which may be given.

O R D E R

An application having been filed and the Commission having considered the same and basing its decision on the findings and conclusions set forth in the foregoing opinion,

IT IS ORDERED that:

1. A certificate of public convenience and necessity be and it is granted to South Coast Packing Company, Inc., a corporation;

authorizing it to operate as a public utility warehouseman, as defined in Section 239(b) of the Public Utilities Code, in the location more particularly set forth in Appendix A attached hereto and by this reference made a part hereof.

2. In rendering service under the authority herein granted, applicant shall comply with and observe the following service regulations:

- (a) Within thirty days after the effective date hereof, applicant shall file a written acceptance of the certificate herein granted. By accepting the certificate of public convenience and necessity herein granted, applicant is placed on notice that it will be required, among other things, to file annual reports of its operation. Failure to file such reports, in such form and at such time as the Commission may direct, may result in a cancellation of the operating authority granted by this decision.
- (b) Within one hundred twenty days after the effective date hereof and on not less than ten days' notice to the Commission and to the public, applicant shall establish the service herein authorized and file in triplicate, and concurrently make effective, tariffs satisfactory to the Commission.

3. Applicant, for the purposes herein set forth, may issue 2400 shares of its no par value capital stock in return for the cancellation of outstanding indebtedness of \$7200 represented by promissory notes.

4. Applicant shall file with this Commission a report or reports as required by General Order No. 24-A, which order, insofar as applicable, is hereby made a part of this order.

The effective date of this order shall be twenty days after the date hereof.

Dated at Los Angeles, California, this 14 day of December, 1961.

[Signature]
President

[Signature]

[Signature]

[Signature]

[Signature]

Commissioners

Peter E. Mitchell
Commissioner....., being
necessarily absent, did not participate
in the disposition of this proceeding.

Appendix A SOUTH COAST PACKING COMPANY, INC. Original Page 1
(a corporation)

South Coast Packing Company, Inc., by the certificate of public convenience and necessity granted in the decision noted in the margin, is authorized to operate storage or warehouse floor space as a public utility warehouseman, for the storage of commodities requiring temperature control but not requiring the maintenance of temperatures below 30° Fahrenheit, as follows:

<u>Location</u>	<u>Number of Square Feet of Floor Space</u>
Los Angeles, Calif.	40,510

(The floor space shown above is exclusive of the 50,000 square feet of expansion permissible under Section 1051 of the Public Utilities Code.)

End of Appendix A

Issued by California Public Utilities Commission.

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