

ORIGINAL

Decision No. 63977

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of

CALIFORNIA ICE AND COLD STORAGE
COMPANY and HOPPER MACHINE WORKS,
INC.,

for an order authorizing the sale
and purchase of that cold storage
plant and business operated as
Bakersfield Ice & Cold Storage
Co.

Application No. 44558
Filed June 18, 1962

O P I N I O N

This is an application for an order authorizing California Ice and Cold Storage Company to sell certain properties to Hopper Machine Works, Inc.

California Ice and Cold Storage Company is a California corporation engaged in the public utility cold storage business in Bakersfield under the name of Bakersfield Ice & Cold Storage Co. and, in addition, in the public utility cold storage business in San Diego and Long Beach. It reports that it now desires to withdraw from its Bakersfield operations and that it has made arrangements to sell its cold storage business and its nonutility business and all its real and personal property at its Bakersfield location to Hopper Machine Works, Inc., for the sum of \$150,000.

The properties to be transferred include prescriptive operative rights, recognized by the Commission on July 26, 1960, in Case No. 6647, which permit the operation of 56,440 square feet of floor space in Bakersfield and land, buildings, machinery and equipment. The reported depreciated book values of the tangible properties aggregated \$146,123.13, as of May 31, 1962.

Hopper Machine Works, Inc., is a California corporation which is engaged in machine shop, manufacturing, and industrial supplier activities in premises adjoining those used in the operations of Bakersfield Ice & Cold Storage Co. It proposes to pay \$30,000 of the agreed purchase price in cash and to issue a note for \$120,000 in evidence of the balance of the purchase price, such note to be secured by a deed of trust and to be payable in annual installments of \$24,000 with interest at the rate of 6 percent per annum.

The purchaser's financial statement filed with the application, dated as of April 30, 1962, shows current assets of \$2,781,877 as compared with current liabilities of \$1,327,754 and long-term debt of \$348,044. The net worth is reported at \$1,645,119 and for the eleven months ended April 30, 1962, the sales revenues amounted to \$7,440,349 and the net income to \$366,065. While its operations have been nonutility in nature, the purchaser reports that it will employ all, or substantially all, the present personnel of Bakersfield Ice

& Cold Storage Co. including the key personnel, and that it will keep records and accounts of the ice and cold storage business independent of those relating to its other business operations.

Upon reviewing this application we find and conclude that the purchaser has the financial resources to take over and operate the public utility cold storage business at Bakersfield and that the proposed transfer will not be adverse to the public interest.

In making our order herein we place Hopper Machine Works, Inc., upon notice that as a public utility it will be required (1) to keep accounts in accordance with the uniform system of accounts prescribed by the Commission insofar as applicable; (2) to file financial reports as required by the terms of the Commission's General Orders Nos. 65 and 104, which reports, of course, will reflect its total operations; and (3) to seek and obtain the authorization of the Commission with respect to stock and security transactions and the transfer or encumbrance of utility property. The uniform system of accounts provides, among other things, that when utility plant constituting an operating unit or system is transferred the purchaser, unless otherwise authorized or directed by the Commission, shall set up in its utility plant and related accounts the book balances of the transferor.

The authorization herein granted shall not be construed to be a finding of the value of the properties to be transferred.

O R D E R

The Commission has considered the above-entitled matter, has determined that a public hearing is not necessary and is of the opinion that the application should be granted, that the money, property or labor to be procured or paid for by the issue of the note herein authorized is reasonably required for the purpose specified herein, and that such purpose is not, in whole or in part, reasonably chargeable to operating expenses or to income; therefore,

IT IS ORDERED that -

1. On or before December 31, 1962, California Ice and Cold Storage Company may sell and transfer, and Hopper Machine Works, Inc., may purchase and acquire, the cold storage operative rights at Bakersfield and the properties referred to in this application and Hopper Machine Works, Inc., in part payment, may issue a note in the principal amount of not to exceed \$120,000, and may execute a deed of trust, which note and deed of trust shall be in the same form, or substantially in the same form, as those filed in Exhibit G and Exhibit H annexed to the application.

2. Within thirty days after consummation of the transfer herein authorized, Hopper Machine Works, Inc., shall notify the Commission, in writing, of that fact and within said period shall file with the Commission a true copy of any bill of sale or other instrument of transfer which may be executed to effect such transfer and a report of the issue of the note as required by General Order No. 24-A.

3. Applicants shall amend or reissue the tariffs on file with the Commission naming rates, rules and regulations governing the warehouse operations here involved to show that California Ice and Cold Storage Company, doing business as Bakersfield Ice & Cold Storage Co., has withdrawn or canceled, and Hopper Machine Works, Inc., has adopted or established, as its own, said rates, rules and regulations. The tariff filings shall be made effective not earlier than thirty days after the effective date of this order on not less than thirty days' notice to the Commission and to the public, and the effective date of the tariff filings shall be concurrent with the consummation of the transfer herein authorized. The tariff filings made pursuant to this order shall comply in all respects with the regulations governing the construction and filing of tariffs set forth in the Commission's General Order No. 61.

4. The authority herein granted shall become effective when Hopper Machine Works, Inc., has paid the fee prescribed by Section 1904(b) of the Public Utilities Code, which fee is \$120.

Dated at San Francisco, California, this 24th day of JULY, 1962.

George H. Hoover President
[Signature]
[Signature]
[Signature]

 Commissioners

Commissioner Frederick B. Holoboff, being necessarily absent, did not participate in the disposition of this proceeding.

