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Decision No. 83500

ORIGINAL

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application)
of)

MERCHANTS ICE AND COLD STORAGE)
CORPORATION OF SAN FRANCISCO,)
a corporation,)

for authorization to issue stock,)
and)

MERCHANTS ICE AND COLD STORAGE)
COMPANY, a corporation,)

for authorization to transfer)
operative rights to MERCHANTS)
ICE AND COLD STORAGE CORPORATION)
OF SAN FRANCISCO, a corporation.)

Application No. 55136
(Filed August 27, 1974)

O P I N I O N

Merchants Ice and Cold Storage Company seeks authority to sell and transfer its prescriptive operative right to Merchants Ice and Cold Storage Corporation of San Francisco, and the latter seeks authority to issue 3,000 shares of its \$1 par value common stock.

Merchants Ice and Cold Storage Company is a California corporation operating as a public utility warehouseman in San Francisco by virtue of continuous operations before and since August 2, 1927. It proposes to sell and transfer said prescriptive operative right to Merchants Ice and Cold Storage Corporation of San Francisco, a California corporation incorporated on August 8, 1974.

After acquiring the prescriptive operative right, Merchants Ice and Cold Storage Corporation of San Francisco proposes to issue 3,000 shares of its \$1 par value common stock for \$3,000 cash to provide working capital.

The application indicates that Merchants Ice and Cold Storage Corporation of San Francisco will have available to it the present warehouse facilities, and that the warehouse operations will continue to be performed by the experienced operating personnel now performing those functions.

After consideration the Commission finds that:

1. The proposed transfer would not be adverse to the public interest.
2. The proposed stock would be for a proper purpose.
3. The money, property or labor to be procured or paid for by the stock herein authorized is reasonably required for the purpose specified herein, which purpose is not, in whole or in part, reasonably chargeable to operating expenses or to income.
4. With reasonable certainty the project involved in this proceeding will not have a significant effect on the environment.

On the basis of the foregoing findings we conclude that the application should be granted. A public hearing is not necessary.

The order which follows will provide for, in the event the transfer is completed, the revocation of the warehouseman prescriptive operative right presently held by Merchants Ice and Cold Storage Company, and the issuance of a certificate in appendix form to Merchants Ice and Cold Storage Corporation of San Francisco.

Merchants Ice and Cold Storage Corporation of San Francisco is 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 of a class of business. 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.

In issuing this decision we place Merchants Ice and Cold Storage Corporation of San Francisco and its shareholders on further 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 it should be allowed to earn on its investment in plant, and that this authorization shall not be construed as a finding of the value of the company's stock or operative right nor as indicative of amounts to be included in proceedings for the determination of just and reasonable rates.

O R D E R

IT IS ORDERED that:

1. On or before December 31, 1974, Merchants Ice and Cold Storage Company may sell and transfer the warehouseman prescriptive operative right referred to in the application to Merchants Ice and Cold Storage Corporation of San Francisco.

2. Within thirty days after the transfer Merchants Ice and Cold Storage Corporation of San Francisco shall file with the Commission written acceptance of the operative right and a true copy of the bill of sale or other instrument of transfer.

3. Merchants Ice and Cold Storage Corporation of San Francisco shall amend or reissue the tariffs on file with the Commission, naming rates and rules governing the warehouse operations transferred to show that it has adopted or established, as its own, the rates and rules. The tariff filings, shall be made effective not earlier than ten days after the effective date of this order on not less than ten days' notice to the Commission and the public, and the effective date of the tariff filings shall be concurrent with the transfer. 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-Series. Failure to comply with the provisions of General Order No. 61-Series may result in a cancellation of the operating authority granted by this decision.

4. In the event the transfer authorized in paragraph 1 is completed, effective concurrently with the effective date of the tariff filings required by paragraph 3, a certificate of public convenience and necessity is granted to Merchants Ice and Cold Storage Corporation of San Francisco authorizing it to operate as a public utility warehouseman, as defined in Section 239(c) of the Public Utilities Code, for the operation of storage or warehouse floor space set forth in Appendix A, attached hereto and made a part hereof.

5. The prescriptive authority to operate in San Francisco now held by Merchants Ice and Cold Storage Company is revoked effective concurrently with the effective date of the tariff filings required by paragraph 3.

6. On or before the end of the third month after the transfer, Merchants Ice and Cold Storage Corporation of San Francisco shall cause to be filed with the Commission, in such form as the Commission may prescribe, an annual report, or reports, related to the operations of Merchants Ice and Cold Storage Company for the period commencing with the first day of the current year to and including the effective date of the transfer.

7. Merchants Ice and Cold Storage Corporation of San Francisco shall maintain its accounting records in conformance with any applicable Uniform System of Accounts or Chart of Accounts as prescribed or adopted by this Commission, and each year shall file with the Commission an annual report of its operations in such form, content, and number of copies as the Commission, from time to time, shall prescribe.

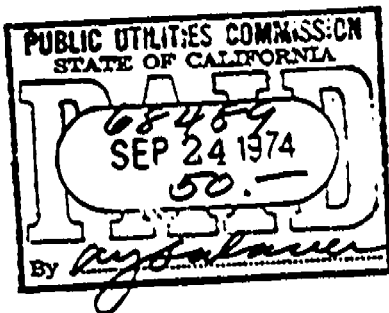
8. On or after the effective date hereof and on or before December 31, 1974, for the purpose set forth in the application, Merchants Ice and Cold Storage Corporation of San Francisco may issue and sell not exceeding 3,000 shares of its \$1 par value common stock at par for cash.

9. Merchants Ice and Cold Storage Corporation of San Francisco shall file with the Commission the report required by General Order No. 24-B, which order, insofar as applicable, is hereby made a part of this order.

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10. This order shall become effective when Merchants Ice and Cold Storage Corporation of San Francisco has paid the minimum fee prescribed by Section 1904.1 of the Public Utilities Code, which fee is \$50.

Dated at San Francisco, California, this
24th day of SEPTEMBER, 1974.



Vernon L. Sturgeon
President
William J. ...
...
...
Commissioners

Commissioner Thomas Moran, being necessarily absent, did not participate in the disposition of this proceeding.

MERCHANTS ICE AND COLD STORAGE
CORPORATION OF SAN FRANCISCO
(a corporation)

Merchants Ice and Cold Storage Corporation of San Francisco, by the certificate of public convenience and necessity granted in the decision noted in the margin, is authorized to operate as a public utility warehouseman as defined in Section 239(c) of the Public Utilities Code for the operation of storage or warehouse floor space as follows:

<u>Location</u>	<u>Number of Square Feet of Floor Space</u>
City and County of San Francisco	102,000

(The floor space shown is exclusive of the expansion permissible under Section 1051 of the Public Utilities Code.)

(END OF APPENDIX A)

Issued by California Public Utilities Commission.

Decision No. 83500, Application No. 55136.