

ORIGINAL

Decision No. 39979

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application)	
	:	
of)	
	:	
YUBA CITY REFRIGERATING COMPANY)	Application
	:	No. 28196
	:	
for an order authorizing the sale)	
and issuance of its shares of stock.	:	
-----)	

O P I N I O N

Yuba City Refrigerating Company asks permission to issue at their par value of \$100 per share, 15,000 shares of stock and use the proceeds for the purposes hereafter stated.

Applicant is a corporation organized under the laws of California. It was organized by parties interested in growing, processing and preserving fresh fruits, particularly peaches and pears. It is engaged in the cold storage warehouse business at Yuba City, California. Pursuant to the authority granted by Decision No. 38829, dated April 9, 1946, in Application No. 27343, applicant issued and sold at par \$150,000 par value of stock and borrowed \$150,000 from The Capital National Bank of Sacramento. The bank loan is payable in annual installments of not less than \$15,000. The first installment was paid on November 1, 1946, leaving \$135,000 unpaid.

Applicant's balance sheet as of December 31, 1946, shows assets and liabilities as follows:

Assets

Fixed assets	\$374,659.89
Cash	10,396.93
Accounts receivable	2,768.62
Materials and supplies	1,551.71
Prepayments	769.02
Organization expenses	2,271.19
Option to purchase warehouse	<u>1,112.30</u>
Total assets	<u>\$393,529.66</u>

Liabilities

Capital stock	\$150,000.00
Long-term debt	135,000.00
Notes payable	45,000.00
Accounts payable	63,051.14
Accrued liabilities	1,956.24
Reserves	1,292.49
Deficit	<u>2,770.21</u>
Total liabilities	<u>\$393,529.66</u>

Because of the delays in obtaining construction materials, applicant was not able to commence the operation of its warehouse business until after October 1, 1946. This was too late to receive any revenue from the storage of 1946 canning peaches and winter pears. Its cold storage revenues from October 15, 1946, to December 31, 1946, are reported at \$22,893.39.

At the hearing had on Application No. 27343, applicant estimated the cost of its warehouse properties at about \$270,000, and its need for working capital at \$30,000. Because of the increase in the cost of labor, material and supplies the cost of applicant's properties has exceeded its original estimate by \$89,228.57. To finance this increased cost, applicant has borrowed money and has used stock and note proceeds which it had intended to use for working capital. As of December 31, 1946, its net current liabilities exceeded its current assets by \$98,134.32.

Applicant intends to sell the 15,000 shares of stock through its own organization. It will pay no brokerage fees or commissions in connection with the sale of the stock. It intends to use approximately \$100,000 to pay outstanding short-term notes and accounts payable, and use as much of the remainder as necessary to maintain its service. The balance will be applied to the payment of installments on the note due The Capital National Bank of Sacramento.

O R D E R

The Commission has considered the request of Yuba City Refrigerating Company and is 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 through the issue of stock herein authorized is reasonably required by Yuba City Refrigerating Company for the purposes herein stated, that such purposes are not, in whole or in part, reasonably chargeable to operating expenses or to income, and that this application should be granted, as herein provided, therefore,

IT IS HEREBY ORDERED as follows:

1. Yuba City Refrigerating Company may, after the effective date hereof and on or before December 31, 1947, issue and sell at not less than par, for cash, 15,000 shares of its stock and use approximately \$100,000 of the proceeds to pay short-term indebtedness. The remainder of the proceeds may be used by applicant to maintain its service and to pay in part the note due The Capital National Bank of Sacramento.

2. Yuba City Refrigerating Company shall file with the Commission reports required by the Commission's General Order No. 24-A, which order, insofar as applicable, is made a part of this order.

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

Dated at San Francisco, California, this 15th day of February, 1947.

Harold H. Huls
James F. Crocker
David H. Powell
R. F. Johnson
Herbert P. Peters
Commissioners