

Decision No. 41883

**ORIGINAL**

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

|                                     |   |             |
|-------------------------------------|---|-------------|
| In the Matter of the Application of | ) |             |
|                                     | : |             |
| CALIFORNIA MEALFALFA COMPANY        | ) | Application |
|                                     | : | No. 29515   |
| for an order authorizing the issue  | ) |             |
| of stock.                           | : |             |
| -----                               | ) |             |

O P I N I O N

This is an application by California Mealfalfa Company for authority to issue and sell at par, 100,000 shares of its common stock of the par value of \$1 each.

California Mealfalfa Company is a corporation organized on or about October 24, 1945, under the laws of the State of California, with an authorized capital stock of 500,000 shares of the par value of \$1 each. Heretofore, pursuant to authority granted by Decision No. 38538, dated December 14, 1945, it has issued \$59,100 par value of stock for the purpose of acquiring properties and supplies and of obtaining working capital. It also issued, pursuant to said decision, its installment note in the principal amount of \$90,000 (since reduced to \$60,000) in part payment for the properties it now operates.

The corporation is engaged in the business of operating a public warehouse at Dixon and of buying and selling grain and grain products, alfalfa and feed products. But a small part of its business is of a public utility nature, its financial statement for the year ending May 31, 1948, showing total revenues of

\$421,000.01, including only \$7,942.43 from its warehouse operations. For the same period the statement shows net income from all sources of \$4,135.40. In Exhibit "A" attached to the application, the corporation reports assets and liabilities as of May 31, 1948, as follows:

| <u>Assets</u>   |                 |                     |
|---|-----------------|---------------------|
| Current assets -  |                 |                     |
| Cash  | \$ 7,808.00     |                     |
| Trade accounts receivable                                       | 29,418.27       |                     |
| Inventories   | 18,012.48       |                     |
| Prepaid expenses  | <u>8,206.08</u> |                     |
| Total current assets  |                 | \$ 63,444.83        |
| Property, plant and equipment, less<br>reserve for depreciation |                 | <u>98,056.78</u>    |
| Total assets  |                 | <u>\$161,501.61</u> |
| <u>Liabilities</u>  |                 |                     |
| Current liabilities -   |                 |                     |
| Accounts payable  | \$ 5,513.04     |                     |
| Stockholders' advances  | 30,000.00       |                     |
| Accrued liabilities   | 253.38          |                     |
| Taxes payable   | <u>1,464.37</u> |                     |
| Total current liabilities                                       |                 | \$ 37,230.79        |
| Installment note--due \$1,000 monthly                           |                 | <u>60,000.00</u>    |
| Total liabilities   |                 | 97,230.79           |
| Capital -   |                 |                     |
| Common stock  | 59,100.00       |                     |
| Surplus   | <u>5,170.82</u> |                     |
| Total capital   |                 | <u>64,270.82</u>    |
| Total   |                 | <u>\$161,501.61</u> |

Since May 31, 1948, the advances by applicant's stockholders have increased to approximately \$40,000. It is reported that these advances were necessary to provide applicant with sufficient working capital to carry on its business. It will be observed from the preceding balance sheet that it has in excess of \$47,000 invested in accounts receivable and inventories.

The corporation now proposes to issue the additional stock to obtain funds to pay such advances and the unpaid balance on the \$60,000 note now outstanding.

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, that the money, property or labor to be procured or paid for through the issue of \$100,000 of stock is reasonably required by California Mealfalfa Company for the purposes specified herein, 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. California Mealfalfa Company, after the effective date hereof and on or before December 31, 1948, may issue and sell at par for cash, 100,000 shares of its common capital stock of the aggregate par value of \$100,000, and use the proceeds to pay advances from its stockholders and the \$60,000 note referred to in the preceding opinion.
2. California Mealfalfa Company shall file with the Commission a report, or reports, as required by 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 twenty (20) days from the date hereof.

Dated at San Francisco, California, this 27<sup>th</sup> day  
of July, 1948.

W. J. Anderson  
Justice J. C. Green  
Chas. H. Russell  
Harold P. Kuhl

Commissioners