

Decision No. 41973

ORIGINAL

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of)
WILLOWS RICE DRIER & STORAGE COMPANY,)
a California corporation, for an order)
authorizing it to issue its Corporate)
Stock)

Application
No. 29595

OPINION AND ORDER

This is an application by Willows Rice Drier & Storage Company for an order of the Commission authorizing it to issue 300 shares of its common stock of the aggregate par value of \$30,000.

Willows Rice Drier & Storage Company is a corporation organized under the laws of the State of California, on or about August 27, 1946, with an authorized capital stock of \$100,000 consisting of 1000 shares of the par value of \$100.00 each, all common. During 1946 it acquired, subject to outstanding liabilities, certain real property and improvements from R. A. Renaud and Rowena C. Renaud, his wife, and C. G. Mehring, and on or about August 30, 1946 entered into the rice drying business in Willows and the public utility warehouse business for the storage of rice and grain. For 1946 and for 1947 its reported revenues and expenses are as follows:

	<u>1946</u>	<u>1947</u>
Revenues-		
Drying	\$60,328.61	\$83,855.09
Storage	15,033.57	31,825.99
Handling, weighing, cleaning	-	8,008.97
Total	<u>75,362.18</u>	<u>\$123,690.05</u>
Operating expenses, taxes, depreciation	<u>50,012.18</u>	<u>82,485.07</u>
Net operating revenues	<u>\$25,350.00</u>	<u>\$40,204.98</u>

The assets and liabilities of the corporation, as of May 31, 1948 are reported as follows:

<u>Assets</u>	
Office furniture and fixtures	\$ 1,315.21
Bulk storage bins	171,224.73
Frame warehouse building	20,000.00
Drier building	20,000.00
Rice drying machinery	37,864.19
Auto truck	750.00
Land	18,667.78
Warehouse equipment	1,500.00
Cash on hand	36,812.36
Notes and accounts receivable	<u>8,551.51</u>
Total	<u>\$316,685.78</u>

<u>Liabilities</u>	
Note to Bank of California	\$110,000.00
Advances by directors	35,000.00
Taxes payable	16,666.60
Accrued interest	2,016.67
Reserve for depreciation	32,030.88
Stock-authorized but unissued	80,000.00
Earned surplus	<u>40,971.63</u>
Total	<u>\$316,685.78</u>

It appears that said Renaud and Mehrling, prior to 1946 were engaged as partners in the rice drying business in the premises conveyed to applicant corporation. Prior to 1942, said Renaud was engaged in the public warehouse business as well, but on June 2, 1942 he rented his warehouse properties for a period ending September 1, 1946, to J. E. Nelson and A. E. Nelson and withdrew from his warehouse business. Tariffs are still of record with the Commission which were filed by said Renaud, although it does not appear that he is operating as a public warehouseman. Further, it does not appear that tariffs have ever been filed in the name of the corporation.

The agreed consideration to be paid by the corporation for the transfer of the properties, is the assumption by the corporation of the outstanding indebtedness and the issue by it of \$80,000 of stock. Such stock has not yet been issued nor has

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applicant corporation, until the present time, filed a request with this Commission for permission to issue said stock and to complete the transaction.

The Commission has considered this matter and is of the opinion that a public hearing is not necessary, that the application should be granted, as herein provided, that the money, property or labor to be procured or paid for through the issue of said stock is reasonably required by Willows Rice Drier & Storage Company for the purpose specified herein and that such purpose is not, in whole or in part, reasonably chargeable to operating expenses or to income,

IT IS HEREBY ORDERED as follows:

1. Willows Rice Drier & Storage Company, after the effective date hereof and on or before December 31, 1948, may issue 800 shares of its common stock of the aggregate par value of \$80,000 to pay in part the cost of the properties and business of R. A. Renaud and Rowena C. Renaud, his wife, and C. G. Mehring, and assume the indebtedness incurred by them in acquiring and constructing said properties and conducting said business.

2. Willows Rice Drier & Storage Company shall file with the Commission a report of the issue of said stock as required by General Order No. 24-A, which order, insofar as applicable, is made a part of this order.

3. The tariffs on file with the Commission shall be supplemented or reissued to show that warehouse service is performed in the properties referred to herein, by applicant corporation.

4. The authority herein granted will become effective twenty (20) days from the date hereof.

Dated at San Francisco, California, this 24th day
of August 1948.

R. J. Montgomery
Justice J. G. Green
Wm. H. Ruggie
Harold P. Kule
Samuel L. Potter
Commissioners