

ORIGINAL

Decision No. 43773

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of  
BAKER BROS. RICE DRIER & STORAGE CO.  
for an order and permit authorizing  
it to sell and issue its securities.

Application  
No. 30768

O P I N I O N

(1)  
Baker Brothers Rice Drier & Storage Company, applicant herein, is a corporation organized on or about August 18, 1949, for the purpose, among others, of engaging in business in Artois, Glenn County, as a public warehouseman for the storage of rice, barley, wheat and other grains and commodities, and in the business of drying rice and dealing in rice and other grains. In this application, as originally filed, it asked permission to issue \$24,000 par value of stock and a promissory note for \$60,000, secured by a deed of trust, and to assume certain indebtedness to finance the cost of real property and improvements.

Applicant was organized by John G. Baker, Ernest O. Baker and Willis K. Baker who, under the firm name and style of Baker Brothers, a co-partnership, have been engaged in rice growing and farming operations in Glenn County since 1937 and who recently have constructed and acquired a rice drier and reinforced concrete rice and grain bulk storage bins, and certain machinery and equipment.

In Exhibit E, they report the assets and liabilities of their rice drier account, as of September 15, 1949, as follows:

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(1) Name of corporation as it appears in articles of incorporation.

Assets

## Fixed Assets:

Concrete bins, conveying & elevating machinery, automatic scales, cleaner & drying units	\$105,269.00	
Electrical wiring, switches & fuse boxes	6,000.00	
Propane fuel tank, valves, automatic controls, installed and complete	3,750.12	
Pump, motor & drain pipe	368.13	
Rice moisture tester	398.61	
Land - rice drier site	574.00	
Office, organization & miscellaneous expenses	<u>1,313.11</u>	\$117,672.97

## Other Assets:

Drilling well, drier site	530.00	
Surveying, excavating, leveling & graveling drier approach	474.50	
Title insurance and recording fees	<u>51.10</u>	<u>1,055.60</u>

Total Assets \$118,728.57

Liabilities and Net Worth

## Contracts Payable:

Berlinger Construction Company	\$105,269.00	
Less- payments made to date	<u>79,000.00</u>	\$26,269.00
McDonald Electric Company	6,000.00	
Miscellaneous construction expenses	<u>2,459.57</u>	34,728.57
Net Worth		<u>84,000.00</u>

Total Liabilities and Net Worth \$118,728.57

The co-partnership does not have schedules on file with the Commission naming rates for storage.

The rice drier and storage bins were constructed by Berlinger Construction Company under the terms of an agreement calling for a contract price of \$105,269 of which amount, the sum of \$79,000 had been paid at the date of the balance sheet. In addition, the partners have made further expenditures or incurred obligations in the amount of \$13,459.57 for electric work, fuel tanks, land, and other items as indicated in the statement of assets on the balance sheet, a part of which amount has been provided from borrowed funds.

The members of the co-partnership propose to transfer certain real property and the improvements thereon and the equipment to which reference has been made, to the corporation, applicant herein, which they have caused to be organized. Since the filing of the application, the Commission has been advised that the \$6,000 indebtedness in favor of McDonald Electric Company, shown on the preceding balance sheet, has been paid in full. The proposed note indebtedness of \$60,000 has been reduced to \$36,000 and evidenced by two 5% notes, each secured by deed of trust executed by the members of the co-partnership on January 19, 1950. One note is for \$14,000 payable to the First National Bank of Willows in annual installments of \$1,400, or more, on or before January 19, 1951, and a like sum on or before the 19th day of January of each and every year thereafter until the 19th day of January, 1955, on which date the entire balance of principal and interest shall become due and payable. The other note, for \$22,000, is payable to the Bank of California in annual installments of \$2,200, or more, on the 19th day of January beginning in 1951 and continuing to 1955.

Applicant now proposes, and requests authority, in acquiring the properties of the co-partnership, to assume the payment of the notes for \$36,000 issued by the members of the co-partnership (in lieu of issuing notes for \$60,000), to assume the payment of the remaining outstanding indebtedness, and to issue the \$24,000 of stock. Thereafter it will file with the Commission its schedules naming rates for warehouse service.

A review of the application indicates that applicant's organizers are familiar with the rice and grain drying and storage business and financially are in a position to undertake and maintain the operations. An order accordingly will be entered.

O R D E R

The Public Utilities Commission, having considered the above entitled matter and being of the opinion that a public hearing thereon 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 \$24,000 of stock is reasonably required by Baker Brothers 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, therefore,

IT IS HEREBY ORDERED as follows:

1. Baker Brothers Rice Drier & Storage Company, after the effective date hereof and on or before May 31, 1950, in payment for the property referred to in this proceeding, may assume the payment of notes for \$36,000, and the deed, or deeds of trust, referred to in the foregoing opinion, and other indebtedness of not exceeding \$28,728.57; and may issue its capital stock in the aggregate amount of \$24,000.
2. Baker Brothers Rice Drier & Storage Company shall file with the Commission in triplicate, and make effective within a period of not exceeding ninety (90) days from the effective date of this order, on not less than ten days' notice to the Commission and to the public, and concurrently with the establishment of its warehouse business, a tariff, or tariffs constructed in accordance with the regulations of the Commission's General Order No. 61.

3. Baker Brothers Rice Drier & Storage 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.

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

Dated at San Francisco, California, this 7<sup>th</sup> day of February 1950.

R. E. Dinsman  
James F. Cullen  
Harold Hula  
Permitto Teller  
Commissioners