

Decision No. 45631

ORIGINAL

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application )  
of )  
U. S. GROWERS & SHIPPERS SERVICE, )  
INC., for a permit authorizing the )  
sale and issuance of additional )  
securities. )  
----- )

Application  
No. 32314

O P I N I O N

U. S. Growers & Shippers Service, Inc. has filed this application for authority to issue and sell 600 shares of common stock at their par value of \$100 each, for the purpose of financing the cost of properties.

Applicant is a California corporation organized on May 15, 1950, with an authorized capital stock of \$200,000, divided into 2,000 shares of common stock with a par value of \$100 each. Under authority granted by Decision No. 44589, dated August 1, 1950, it issued and sold 1,200 shares of common stock (\$120,000 par value) and undertook to construct and operate a cold storage plant in Vernon.

The present application shows that the plant was completed and placed in operation on or about October 1, 1950, and that the revenues from operation during the last three months of the year amounted to \$31,160.15 with a net profit from operation of \$3,466.55. Applicant reports, however, that it had incurred large expenses for administration, organization and general purposes prior to the commencement of operations, which resulted in a deficit at the close of the year of \$3,367.09..

A summary statement of applicant's investment in its plant and other assets and its liabilities and net worth as of December 31, 1950, is as follows:

| <u>Assets</u>                    |                   |                     |
|----------------------------------|-------------------|---------------------|
| Fixed assets -                   |                   |                     |
| Cost                             | \$250,613.21      |                     |
| Depreciation reserve             | <u>3,436.52</u>   |                     |
| Net fixed assets                 |                   | \$247,176.69        |
| Organization expense             |                   | 15,371.83           |
| Current assets                   |                   | <u>16,055.92</u>    |
|                                  | Total             | <u>\$278,604.44</u> |
| <u>Liabilities and Net Worth</u> |                   |                     |
| Long-term liabilities -          |                   |                     |
| Mortgage payable                 | \$ 55,334.49      |                     |
| Equipment contracts              | <u>7,832.64</u>   |                     |
| Total long-term liabilities      |                   | \$ 63,167.13        |
| Current liabilities              |                   | <u>98,804.40</u>    |
| Total liabilities                |                   | 161,971.53          |
| Net worth -                      |                   |                     |
| Capital stock                    | 120,000.00        |                     |
| Net loss - 1950                  | <u>(3,367.09)</u> |                     |
| Total net worth                  |                   | <u>116,632.91</u>   |
|                                  | Total             | <u>\$278,604.44</u> |

At the time applicant filed its former application upon which the Commission entered Decision No. 44589, it estimated the cost of its facilities at \$186,011. It now reports that the costs of construction were greater than originally anticipated and that in addition it desires to extend its operations through the construction, at an estimated cost of from \$42,000 to \$44,000, of a larger freezer at its plant. It reports that it will have need for additional funds to meet the increased construction costs it has already incurred and to provide for the financing of its new facilities, and that it proposes to obtain such funds through the issue of the stock covered by this application.

Upon reviewing this matter, it appears to the Commission that applicant's request should be granted.

O R D E R

The 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 and sale of the stock herein authorized is reasonably required by applicant for the purposes specified herein; and that such purposes are not, in whole or in part, reasonably chargeable to operating expenses or to income; therefore,

IT IS HEREBY ORDERED as follows:

1. U. S. Growers & Shippers Service, Inc., after the effective date hereof and on or before December 31, 1951, may issue and sell, at par, not exceeding 600 shares of its common stock of the aggregate par value of \$60,000, and use the proceeds to pay indebtedness and to finance in part expenditures heretofore made for properties constructed and installed and those proposed to be made for additional facilities.

2. Applicant shall file with the Commission monthly 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 after the date hereof.

Dated at San Francisco, California, this 1<sup>st</sup> day of May, 1951.

*R. J. Anderson*  
*Justice F. Casper*  
*Harold P. Kida*  
*George H. Patten*  
*John L. Mitchell*  
Commissioners