

ORIGINAL

Decision No. 45278

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of )

COLUSA-GLENN DRIER COMPANY )

for a permit authorizing it to sell )  
and issue its securities. )  
----- )

Application  
No. 34080

O P I N I O N

Colusa-Glenn Drier Company, applicant in this proceeding, is a corporation engaged in operating a rice drier and a warehouse south of Maxwell, in Colusa County. The company was organized on or about October 7, 1949, with an authorized capital stock of 500 shares, of the par value of \$100 each and of the aggregate par value of \$50,000, all of which shares have been issued and now are outstanding.<sup>1/</sup> In this proceeding it seeks authorization to issue additional shares of stock as hereinafter set forth.

The application shows that due to demands of rice growers for additional drying and storage facilities, applicant undertook the construction of an 8-bin reinforced concrete drying and storage plant during 1952, at a cost of more than \$300,000, and that it financed the cost primarily with borrowed moneys and retained earnings. In order to provide permanent financing it now has increased its authorized capital stock to 4,000 shares of the aggregate par

<sup>1/</sup> According to information filed in this proceeding, the outstanding shares of stock are held by the following:

Fred Joost	130 shares
Daniel Bayles, Jr.	65
Worth Bayles	65
Lucille B. Henry	216
L. D. Sangiolo	<u>24</u>
	500 shares

value of \$400,000 and at this time has made, or is making, arrangements whereby it will issue \$100,000 par value of stock to Bayles-Joost Construction Company in part payment of indebtedness and will sell \$100,000 of stock to the public, at par for cash, to pay the balance of the amount owing to Bayles-Joost Construction Company and \$25,000 of bank loans. In addition, the holders of the presently outstanding 500 shares of stock will surrender them in exchange for new shares at the rate of three new shares for each two now held. At the conclusion of the proposed financing, applicant will have outstanding \$275,000 par value of stock. It reports that at a later date it may undertake the sale of an additional \$75,000 of stock to pay the balance of its bank loans, although it does not in this application seek permission to do so.

Financial statements filed in this proceeding show that for the year ended September 30, 1952, applicant's gross revenues amounted to \$48,004.11 with a net profit of \$5,992.26, and that it estimates its gross revenues for the twelve months ending September 30, 1953, at \$108,406.01, consisting of storage revenues of \$26,779.19 and drying and other revenues of \$81,626.82, and its expenses at \$86,686.89, leaving estimated net profit for the twelve months' period of \$21,719.12. The statements filed show applicant's assets and liabilities as of December 31, 1952, as follows:

Assets

Current assets -		
Cash	\$ 1,725.35	
Accounts receivable	<u>26,089.80</u>	
Total current assets		\$ 27,815.15
Property, plant and equipment -		
Cost	395,561.39	
Depreciation reserve	<u>14,727.18</u>	
Net property, plant and equipment		380,834.21
Intangible capital		<u>404.42</u>
Total		<u>\$409,053.78</u>

Liabilities

Current liabilities		\$ 1,947.27
Long-term debt -		
Mortgage on plant	\$100,000.00	
Notes payable--Bayles-Joost Const.Co.	50,000.00	
Accounts payable--Bayles-Joost Const.Co.	<u>128,260.88</u>	
Total long-term debt		278,260.88
Capital and surplus -		
Common stock	50,000.00	
Surplus	<u>78,845.63</u>	
Total capital and surplus		<u>128,845.63</u>
	Total	<u>\$409,053.78</u>

The proposal of applicant to issue to its present stockholders three new shares for each two now held by them in effect results in capitalizing applicant's surplus by the amount of \$25,000. The application clearly shows that applicant has had earned surplus well in excess of \$25,000 and that such earnings have been retained in its business.

Upon a full review of this application we are of the opinion that we are warranted in making an order authorizing the issue of shares of stock in accordance with the application.

O R D E R

The Commission having considered the above entitled matter, and being 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 by the issue 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. Colusa-Glenn Drier Company, on and after the effective date hereof and on or before September 30, 1953, may issue at par 2,750 shares of its common stock, of the aggregate par value of \$275,000, for the purposes set forth in this application.

2. Colusa-Glenn Drier Company 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 upon the date hereof.

Dated at San Francisco, California, this 17<sup>th</sup> day of February, 1953.

*[Signature]*  
President  
*Justin F. Craven*  
*Harold Kida*  
*Lawrence L. Patton*  
*John L. Mitchell*  
Commissioners