

ORIGINAL

Decision No. 50634

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of)
GLENN GROWERS, A Corporation,)
for an Order or Permit Authorizing)
it to Sell and/or Exchange and)
Issue its Securities, to Acquire all) Application
the Assets subject to the Liabilities) No. 35808
of GLENN GROWERS COOPERATIVE, a)
California Farmers' Cooperative Non-)
Profit Corporation, whose Principal Office)
and Place of Business is in Glenn County,)
State of California.)
-----)

O P I N I O N

This is an application for an order of the Commission authorizing Glenn Growers, a corporation, to issue shares of stock in acquiring the properties of Glenn Growers Cooperative.

It is reported that Glenn Growers Cooperative is a California nonprofit farmers' cooperative organization. According to the application it is engaged in business at Codora Station, Glenn County, and during the 12 months ended March 31, 1954, realized gross revenues from its cooperative buying activities in the amount of \$113,313.42, from its storage operations in the amount of \$28,397.34, and from its drying and related activities in the amount of \$95,136.48, a total from all sources of \$236,847.24, with net profit of \$20,311.06. It has constructed or acquired properties, including a rice drier and 80 concrete bins for storage of grain with a capacity of about 12,500 tons, together with elevators, conveying equipment, cleaners, tools, machinery and other items of tangible property, and has financed itself in part with capital represented by memberships in the association or by revolving funds. Its balance

sheet as of March 31, 1954, in summary form is as follows:

Assets

Fixed assets, less depreciation reserve		\$376,655.74
Current assets -		
Cash	\$ 36,449.52	
Notes and accounts receivable	26,133.50	
Inventory	<u>24,368.59</u>	
Total current assets		<u>86,951.61</u>
	Total	<u>\$463,607.35</u>

Liabilities and Capital

Note and deed of trust		\$115,000.00
Current liabilities		<u>20,823.80</u>
Total liabilities		135,823.80
Capital -		
Memberships	\$ 80,750.00	
Revolving funds	<u>247,033.55</u>	
Total capital		<u>327,783.55</u>
	Total	<u>\$463,607.35</u>

It is reported in the application that question has been raised as to whether the cooperative is subject to the jurisdiction of the Commission with respect to its storage operations and that in order to resolve this question it has been deemed desirable to change the form of corporation from a nonprofit to a profit organization. To accomplish this objective the applicant corporation has been formed to take over the properties of the cooperative, subject to all its liabilities, and to issue one share of its no par value common stock to each holder of a membership in the cooperative and to issue its \$10 par value preferred stock in dollar amount equal, or substantially equal, to the revolving fund advances. This plan will call for the issue at this time of 17 shares of the common stock with no par value and 25,394 shares of the preferred stock. The 17 shares of common stock are exactly equal to the number of memberships now outstanding which represent capital investment of \$80,750, as shown by the balance sheet.

The holders of the preferred shares shall be entitled to noncumulative dividends at the rate of 4% per annum and, upon redemption, will be entitled to receive the par value of their holdings plus a premium of 5% plus all dividends declared but unpaid. Applicant's articles of incorporation provide, among other things, that so long as any of the preferred shares shall be outstanding applicant annually shall set aside in cash as a sinking fund for the purchase or redemption of preferred shares a sum equal to 10% of the net profit for each fiscal year remaining after deduction of federal and state income taxes.

It appears that Glenn Growers will conduct the same activities now performed by the cooperative and that it intends to utilize the storage facilities in the operation of a warehouse business at the present location and to file its tariff setting forth rates for storage as a public warehouseman.

From a review of this application we are of the opinion that the acquisition of the properties of Glenn Growers Cooperative by applicant will not be adverse to the public interest and that an order should be entered authorizing applicant to issue its shares of stock as requested. The action taken herein shall not be construed to be a finding of the value of the properties of Glenn Growers Cooperative.

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 shares of stock herein authorized is reasonably required by

applicant corporation 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,

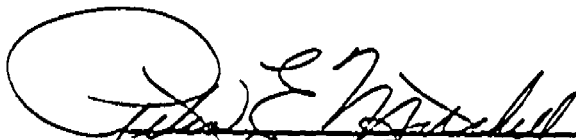
IT IS HEREBY ORDERED as follows:

1. Glenn Growers, a corporation, after the effective date hereof and on or before March 31, 1955, may issue not exceeding 17 shares of its no par value common stock and not exceeding 25,394 shares of its \$10 preferred stock in exchange for the assets of Glenn Growers Cooperative, subject to its liabilities, which liabilities applicant may assume. Glenn Growers Cooperative may transfer its assets to Glenn Growers, as outlined in this proceeding.

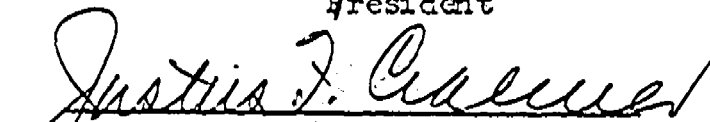
2. Glenn Growers, a corporation, shall file with the Commission monthly reports as required by General Order No. 24-A, which order, insofar as applicable, is made a part of this order.

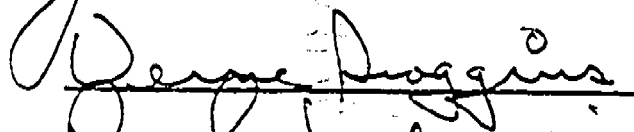
3. The authority herein granted will become effective 20 days after the date hereof.

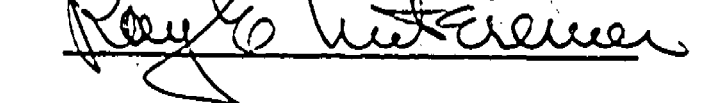
Dated at San Francisco, California, this 13th day of October, 1954.



President







Commissioners