

Decision No. 52467

**ORIGINAL**

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application  
of

CALWA COMPRESS COMPANY,  
a California Corporation,

Application  
No. 37621

For a Permit to Issue Additional  
Shares of its Stock.

O P I N I O N

In this application the Commission is requested to make an order authorizing Calwa Compress Company to issue 500 shares of its capital stock of an aggregate par value of \$5,000 in order to acquire the properties and operations of Sierra Ginning Company, an affiliated company, under the terms of an agreement of merger.

Calwa Compress Company, a California corporation, is engaged in compressing cotton and in conducting operations as a public warehouseman in Fresno County. Its outstanding capital stock, consisting of 2,500 shares having an aggregate par value of \$25,000, is reportedly held by W. D. Felder and Company and by Zach L. Felder, with the former holding 2,250 shares and the latter 250 shares.

The application further shows that these same stockholders own all of the issued and outstanding shares of the capital stock of Sierra Ginning Company, a company organized during 1953 and engaged principally in the nonutility operation of ginning cotton.

It is now proposed by the stockholders of both companies that Sierra Ginning Company be merged into Calwa Compress Company. To accomplish this objective the corporations have entered into an agreement of merger, a copy of which is attached to the application as Exhibit A, under the terms of which Calwa Compress Company would acquire the assets and would assume the liabilities of Sierra Ginning Company and in addition would issue 500 shares of its capital stock on a share-for-share basis for the 500 shares of stock of Sierra Ginning Company heretofore issued and outstanding.

Balance sheets of the two corporations as of December 1, 1955, follow.

<u>Assets</u>	<u>Sierra Ginning Company</u>	<u>Calwa Compress Company</u>
Fixed assets	\$69,300.70	\$64,014.08
Less: Reserve for depreciation	28,662.96	47,465.07
Remainder	\$40,637.74	\$16,549.01
Cash	10,097.55	7,582.17
Accounts receivable	2,366.11	13,018.61
Inventory of Supplies	344.62	11,206.50
Prepaid insurance and deposits	3,112.04	2,559.55
Prepaid rent		1,681.66
Organization expense	996.60	
Plant renovation - Deferred	350.00	
Land	1,497.30	
Total assets	<u>\$59,401.96</u>	<u>\$52,597.50</u>
<u>Liabilities</u>		
Note payable - First National Bank in Dallas	\$	\$10,000.00
Accrued interest		41.10
W. D. Felder and Company - Long term	72,000.00	
Accrued interest	2,405.84	
W. D. Felder and Company - Current	9,000.00	10,000.00
Accrued interest	93.75	60.93
Accounts payable	4.00	939.80
Accrued payable taxes and insurance	882.74	5,798.59
Capital stock	5,000.00	25,000.00
Surplus	(29,984.37)	757.08
Total liabilities	<u>\$59,401.96</u>	<u>\$52,597.50</u>

(Deficit)

Calwa Compress Company maintains its books on the basis of a fiscal year ended on March 31. For the last three complete years of its operation applicant reports its revenues, net income transferred to surplus, and dividends paid as follows:

<u>Period</u>	<u>Revenues</u>	<u>Net Income</u>	<u>Dividends Paid</u>
1953	\$324,483	\$16,796	
1954	265,371	11,272	
1955	275,250	7,879	\$60,000

Like information regarding the results of operation of Sierra Ginning Company is not available.

Applicant, in addition to being a public warehouseman, is engaged in the business of compressing cotton and is of the opinion that its acquisition through merger of the properties of Sierra Ginning Company will increase its business of compressing cotton, and that neither the increased activities in compressing cotton nor the merger will interfere with its duties as a public warehouseman.

From a review of the application it appears that the proposed acquisition by Calwa Compress Company of the assets and its assumption of the liabilities of Sierra Ginning Company, together with the issuance of shares of its capital stock on a share-for-share basis for the outstanding stock of Sierra Ginning Company, will not have an adverse effect on its ability to continue rendering service as a public utility warehouseman. Accordingly, an order will be entered granting the authorization requested.

#### 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 Calwa Compress 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. Calwa Compress Company, on and after the date hereof and on or before April 30, 1956, may issue not exceeding 500 shares of its capital stock of the aggregate par value of \$5,000 on a share-for-share basis in exchange for the outstanding capital stock of Sierra Ginning Company.

2. Calwa Compress 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.

3. The authority herein granted will become effective on the date hereof.

Dated at San Francisco, California, this 16th day of January, 1956.

[Signature]  
President

Justus J. Adams

Ray L. Lintner

[Signature]

Commissioners