

ORIGINAL

Decision No. 59141

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of
FARMERS RICE GROWERS COOPERATIVE,
an Agricultural Cooperative
Corporation for Exemption from the
Provisions of Article 5, Chapter 4,
Part 1, Division 1 of the Public
Utilities Code of the State of
California.

Application No. 41464

John F. O'Dea, for applicant.

O P I N I O N

In this proceeding Farmers Rice Growers Cooperative seeks an order exempting it from the provisions of Article 5, Chapter 4, Part 1, Division 1 of the Public Utilities Code.

Said Article 5 defines the jurisdiction of the Commission with respect to stocks and security transactions.

Section 829 of the article reads, in part, as follows:

"The commission may from time to time by order or rule, and subject to such terms and conditions as may be prescribed therein, exempt any public utility or class of public utility from the provisions of this article if it finds that the application thereof to such public utility or class of public utility is not necessary in the public interest."

The application was filed on September 4, 1959 and a public hearing was held before Examiner Coleman in San Francisco on September 24, 1959, at which time the matter was taken under

submission. The Commission has received no protests in the proceeding.

Farmers Rice Growers Cooperative is a non-profit cooperative corporation which was organized in 1944, under the Agricultural Code of the state, with an authorized capital stock consisting of shares of common stock to be issued to members. In 1948, the cooperative amended its articles so as to create a new series of preferred stock with a \$10 par value and paying cumulative dividends at the rate of 6% per annum.

The cooperative has plants at West Sacramento in Yolo County and at Stegeman Station in Colusa County. In order to obtain capital for operations, construction and improvements, it has followed the practice of withholding from its members certain sums of money annually, representing revenues from handling their products, and of issuing, in evidence of the amounts thus withheld, its preferred stock in an equivalent amount and, from time to time, of redeeming its earlier issues of preferred stock as money becomes available from retention of funds in subsequent years. The testimony shows that the amounts of the moneys retained are based on allowances per bag of rice and the issues of preferred shares have ranged from \$66,000 to \$420,000 annually. The amounts for the most recent fiscal year aggregated \$200,000.

In 1958, the cooperative, pursuant to authorization granted by Decision No. 57609, dated November 10, 1958, as amended, acquired certain public utility warehouse facilities,

located at Stegeman Station, from Pacific Industries, Inc., and Tri-Counties Rice, Inc., and thereafter filed its schedules of rates with the Commission and undertook to accept and to store products belonging to non-members. The record shows that during the last fiscal year applicant received approximately 232,000,000 pounds of products for storage, having a total sales value of about \$11,000,000, and that approximately 4% of the volume represented products handled for non-members.

Upon considering the circumstances under which applicant was organized and under which it conducts its operations as a non-profit cooperative, it appears to us that nothing would be gained by requiring it to seek the Commission's approval of its annual stock issues. An order will be entered granting the application.

O R D E R

A public hearing having been held in the above-entitled matter and the Commission having considered the evidence and being fully advised in the premises hereby finds that the application of Article 5, Chapter 4, Part 1, Division 1 of the Public Utilities Code to Farmers Rice Growers Cooperative is not necessary in the public interest and, on the basis of such finding,

