

ORIGINAL

Decision No. 59238

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of
SUNSET RICE DRYER, INC.; a California
corporation for an Order authorizing
the transfer of certain of its
properties and assets including its
right to act as a public utility
under Chapter 1884 Statutes of
California 1959 to **PACIFIC
INTERNATIONAL RICE MILLS, INC.,**
a California corporation; and

Application No. 41595

In the Matter of the Application of
Sunset Rice Dryer, Inc. to discontinue
its operations as a public utility;
and

In the Matter of the Application of
Pacific International Rice Mills,
Inc. to mortgage and otherwise
encumber certain of its properties.

O P I N I O N

In this application the Commission is asked to authorize Pacific International Rice Mills, Inc., to execute a mortgage and a deed of trust and to issue a note in the principal amount of \$375,000 for the purpose of purchasing the properties of Sunset Rice Dryer, Inc.

Pacific International Rice Mills, Inc., is a California corporation which was organized in 1953 and which is, and has been, engaged in nonutility operations in Mendota, Stockton, Richfield, Honolulu and Puerto Rico. For its last fiscal period ended August 31, 1959, it reported gross sales of \$13,584,139 and net profit of \$180,656, after making provision for income

taxes. A statement of its financial position as of August 31, prepared from Exhibit 4, is as follows:

<u>Assets</u>		
Current assets -		
Cash and accounts receivable	\$1,222,452	
Notes receivable	2,500	
Inventories	180,824	
Prepaid expense	2,507	
Total current assets	<u>1,408,283</u>	
Less - current and accrued liabilities	<u>1,185,723</u>	
Net current assets		\$222,560
Fixed assets, less depreciation		<u>134,199</u>
Total		<u>\$356,759</u>

<u>Net Worth</u>		
Capital stock	\$ 50,000	
Surplus	<u>306,759</u>	
Total		<u>\$356,759</u>

It appears that Pacific International Rice Mills, Inc., now desires to extend its operations and has made arrangements to purchase properties and assets of Sunset Rice Dryer, Inc., which properties and assets include rice dryer and public storage facilities in Woodland to handle bulk rice and other grains. The agreed price is \$475,000 of which \$100,000 has been, or will be, paid in cash and \$375,000 will be represented by a 6 per cent installment note, the first installment of \$25,000 to be payable on or after January 1, 1960 and on or before November 15, 1960; the next installment of \$50,000 to be payable July 1, 1961; and subsequent installments of \$50,000 to be payable on July first of each year.

A review of the application shows that Pacific International Rice Mills, Inc., will make no change in the public utility rates and service upon the transfer and that its assets and earnings should be ample to enable it to meet the obligations it will incur upon issuing the note. We are of the opinion, therefore, and so find, that the proposed transfer of the storage facilities will not be adverse to the public interest and that the money, property or labor to be procured or paid for by the issue of the note is reasonably required for the purpose specified herein and that such purpose, except as otherwise authorized, is not, in whole or in part, reasonably chargeable to operating expenses or to income. An order will be entered granting the application.

The order shall not be construed to be a finding of the value of the properties and assets herein authorized to be transferred.

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,

IT IS HEREBY ORDERED as follows:

1. Sunset Rice Dryer, Inc., may sell and transfer to Pacific International Rice Mills, Inc., its properties and assets described in and subject to the terms and conditions of the agreement filed as Exhibit 1, and may discontinue its operations as a public utility warehouseman upon the assumption of said operations by Pacific International Rice Mills, Inc.

2. Pacific International Rice Mills, Inc., in part payment for said properties and assets, may issue a note in the principal amount of not to exceed \$375,000 and may execute a deed of trust and a mortgage of chattels, said documents to be in, or substantially in, the same form as those filed in this proceeding.

3. Pacific International Rice Mills, Inc., 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.

4. On not less than five days' notice to the Commission and to the public, effective concurrently with the consummation of such transfer, applicants shall supplement or reissue the tariffs now on file with the Commission, insofar as they name rates, rules and regulations governing the warehouse operations here involved of Sunset Rice Dryer, Inc., to show that Sunset Rice Dryer, Inc., has withdrawn or canceled and that Pacific International Rice Mills, Inc., concurrently has adopted or established, as its own, said rates, rules and regulations. The tariff filings made pursuant to this order

in all respects shall comply with the regulations governing the construction and filing of warehouse tariffs set forth in the Commission's General Order No. 61.

5. The authority herein granted will become effective when Pacific International Rice Mills, Inc., has paid the fee prescribed by Section 1904(b) of the Public Utilities Code, which fee is \$375.

Dated at San Francisco, California,
this 10th day of November, 1959.

Everett W. Page
President
W. L. Lipton
W. L. Lipton
E. L. Fox
Theodore H. Jensen
Commissioners

