

ORIGINAL

Decision No. 63243

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of SANTA MARIA VALLEY WAREHOUSE COMPANY, a corporation, for authority to issue stock for a share dividend.

Application No. 44121
Filed January 19, 1962

O P I N I O N

This is an application for an order of the Commission authorizing Santa Maria Valley Warehouse Company to issue 45.525 shares of its common stock of the par value of \$100.00 each and of the aggregate par value of \$4,552.50. The company desires to distribute such shares to its present shareholders as a dividend.

Applicant is, and for many years has been, engaged in the public utility warehouse business in Santa Maria and in sales and other nonutility activities. Its financial reports filed with the Commission indicate that its non-utility operations comprise the larger part of its total business, that its business generally has been profitable, and that it has financed its investments and its operations primarily with proprietary capital. A condensed statement of its assets, liabilities and capital, as of November 30, 1961, is as follows:

<u>Assets</u>		
Tangible assets, less depreciation		\$201,967.48
Organization expense		812.05
Current and prepaid assets	\$146,190.89	
Less - current liabilities	<u>23,629.26</u>	
Net current assets		<u>122,561.63</u>
Total		<u>\$325,341.16</u>
<u>Liabilities and Capital</u>		
Long-term debt		\$ 56,100.00
Capital -		
Common stock	\$ 91,050.00	
Capital surplus	60,833.75	
Earned surplus	<u>117,357.41</u>	
Total capital		<u>269,241.16</u>
Total		<u>\$325,341.16</u>

The outstanding stock consists of 910-1/2 shares of the par value of \$100.00 each. It appears that during the last five years applicant has paid only two cash dividends to the holders of its outstanding shares and that, instead, it has retained its net earnings for use in its operations. Its present proposal to capitalize a portion of its retained earnings through the issue of the 45.525 shares of stock as a share dividend does not call for the withdrawal of cash from the business but merely involves the transfer of \$4,552.50 from its surplus account to its capital stock account.

We have considered this application and we find and conclude -

1. That the retained earnings from operations have been well in excess of the proposed stock issue;
2. That such earnings have been invested in the assets;

3. That applicant properly may issue its shares of stock to capitalize a portion of such earnings so invested and may distribute such stock to its shareholders as a dividend; and
4. That the money, property or labor to be procured or paid for by the issue of the stock herein authorized is reasonably required for the purpose specified herein, which purpose is not, in whole or in part, reasonably chargeable to operating expenses or to income.

An order will be entered granting the application. The authorization thus granted should not be construed to be a finding of the value of applicant's properties or shares of stock.

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,

IT IS HEREBY ORDERED that -

1. Santa Maria Valley Warehouse Company, on or after the effective date hereof and on or before June 30, 1962, may issue not to exceed 45,525 shares of its common stock in the manner and for the purpose set forth in this application.
2. Santa Maria Valley Warehouse 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 shall become effective 20 days after the date hereof.

Dated at San Francisco, California,
this 13th day of FEBRUARY, 1962.

George G. Grover
President

John E. Marshall

C. J. Fox

Fredrick B. Haselhoff

Commissioners

Commissioner George G. Grover, being necessarily absent, did not participate in the disposition of this proceeding.