

ORIGINAL

Decision No. 63644

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of  
RIVERSIDE ELEVATORS, a corporation,  
for Authority to Issue and Sell  
Stock.

Application No. 44314  
Filed April 2, 1962

O P I N I O N

This is an application for an order of the Commission authorizing Riverside Elevators, a corporation, to issue and sell 870 shares of its common stock without par value.

Applicant has been engaged in business near Isleton as a public utility warehouseman and as a grain dealer and broker. Recently it has acquired the grain business known as F. B. Young Grain Co., formerly conducted by Francis B. Young at Stockton, and it has employed said Francis B. Young as its general manager and executive vice president.

It appears that applicant's directors and shareholders have approved a restricted stock option plan whereby said Francis B. Young, as an inducement to remain in applicant's service, will be given an option to purchase up to 200 of applicant's shares at \$150 a share over a period of years ending in 1968, the option price representing substantially the book value of the outstanding shares. Applicant proposes to use the proceeds from the sale of said shares, when and if realized, to liquidate long-term indebtedness in favor of Bank of Rio Vista and Mechanics Bank of Richmond.

In addition to the shares covered by the proposed stock option, applicant proposes to sell 330 shares to Francis B. Young and 340 shares to its shareholders at a price of \$150 a share for the purpose of liquidating outstanding indebtedness.

Financial statements filed with the application show that as of December 31, 1961, Riverside Elevators had current assets of \$211,345 as compared with current liabilities of \$125,077, that its capital structure consisted of \$135,750 of long-term liabilities and \$275,157 of proprietary capital, and that for the last fiscal year its revenues amounted to \$210,125 with net income of \$22,463, after provision for depreciation and income taxes. The company, according to the application, assumed the payment of liabilities of \$260,292 upon acquisition of the F. B. Young Grain Co. This latter company, according to Exhibit 4, had gross sales of \$5,777,213 in 1961 and net income of \$47,611.

Upon reviewing this application, we find that the issue of stock, under the terms set forth in this application, in order to liquidate outstanding indebtedness, is for a proper purpose. As to the restricted stock option it appears that the present plan follows along conventional lines and, if the directors and shareholders of the utility in the exercise of their judgment conclude to adopt such a plan, we see no reason to withhold our approval.

O R D E R

The Commission is of the opinion that a public hearing is not necessary in this matter, and 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 for the purposes specified herein, which purposes are not, in whole or in part, reasonably chargeable to operating expenses or to income. Therefore,

IT IS ORDERED that -

1. Riverside Elevators, a corporation, may issue and sell not to exceed 200 shares of its capital stock, or such number of shares as may be required upon adjustments of capitalization, under and pursuant to the terms of its restricted stock option agreement, a copy of which is on file in this proceeding as Exhibit 1, and shall apply the proceeds toward the reduction of its long-term secured indebtedness.

2. In addition to said 200 shares, Riverside Elevators, a corporation, may issue and sell not to exceed 670 shares of its capital stock on or before December 31, 1962, for the price and on the terms and for the purposes set forth in the application.

3. Riverside Elevators, a corporation, 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. This decision shall become effective on the date hereof.

Dated at San Francisco, California,  
this 8th day of MAY, 1962.

Robert A. Page  
President  
John E. Marshall  
John Fox  
George J. Dwyer  
Fredrick B. Hallock  
Commissioners