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Decision No. 13408.

ORIGINAL

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of the )  
 BAY CITIES TRANSIT COMPANY, )  
 a corporation, for permission to issue )  
 \$31,250.00 of its capital stock at par ) Application Number 9887.  
 to the present holders of stock. )

Robert E. Abbott, for Applicant.

BY THE COMMISSION:

O P I N I O N

Bay Cities Transit Company asks permission to issue \$31,250.00 par value of its common capital stock for the purpose of reimbursing its treasury because of earnings expended for the acquisition of stage equipment and other properties.

The Bay Cities Transit Company has an authorized capital stock issue of \$50,000.00 divided into 50,000 shares of \$1.00 each. Heretofore, pursuant to an order of the Railroad Commission the company has issued 18,750 shares of its stock which is now outstanding.

Of the outstanding stock, 6,250 shares are owned by H.M.Thompson; 6,250 shares by Fred Walker; and 6,250 shares by J.E. Anderson. The company is engaged in transporting passengers by means of auto stages in the Cities of Santa Monica, Ocean Park and vicinity. As of December 31, 1923 its assets and liabilities are reported as follows:-

A S S E T S

Land and buildings . . . . .	\$18,724.73
Machinery and tools . . . . .	1,500.00
Revenue passenger cars . . . . .	92,677.29
Furniture and fixtures . . . . .	350.00
Cash . . . . .	1,720.74

TOTAL ASSETS ..... \$114,972.76

L I A B I L I T I E S

Capital stock outstanding . . . . .	\$ 18,750.00
Notes payable . . . . .	30,000.00
Accounts payable(Advances by three partners) . . . . .	3,965.71
Other accounts payable . . . . .	175.00
Reserve for accrued depreciation . . .	28,817.66
Surplus . . . . .	33,264.39

TOTAL LIABILITIES \$114,972.76

It will be noted that the company reports no materials and supplies under its assets. An investigation made by Mr. D. W. Davis, an accountant for the Commission, revealed the fact that the company has charged the cost of all of its materials and supplies now on hand to operating expenses. Representatives of the company made an inventory of the materials and supplies on hand and in applicant's Exhibit No. 1 submit the cost of such materials and supplies on hand at \$9,293.80. This entire amount, as said, has been heretofore included in applicant's operating expenses, and to that extent an adjustment should be made in the reported operating expenses.

Applicant's business has been increasing rapidly, its operating revenues in 1922 amounting to \$181,192.53 and its operating revenues for 1923 to \$233,527.35. Its operating expenses, including the erroneous charges for materials and supplies are reported at \$164,714.29 in 1922 and at \$211,274.67 in 1923. The operating expenses for 1922 include for depreciation \$11,148.50 and those for 1923, \$17,669.16. The record in this proceeding shows that applicant has had surplus earnings in excess of the amount (\$32,150.00) of stock which it asks per-

mission to issue to reimburse its treasury because of earnings invested in its stage equipment and properties.

O R D E R

BAY CITIES TRANSIT COMPANY having applied to the Railroad Commission for permission to issue \$31,250.00 of its common capital stock, a public hearing having been held before Examiner Fankhauser and the Railroad Commission being of the opinion that the money, property or labor to be procured or paid for by such issue is reasonably required by applicant and that this application should be granted, as herein provided, therefore,

IT IS HEREBY ORDERED that the Bay Cities Transit Company be, and it is hereby, authorized to issue \$31,250.00 par value of its common capital stock for the purpose of reimbursing its treasury because of earnings expended for stage equipment and other properties. Upon the reimbursement of applicant's treasury the stock may be distributed, according to law, to applicant's present stockholders as a stock dividend.

The authority herein granted is subject to further conditions as follows:-

1. Bay Cities Transit Company shall keep such record of the issue and delivery of the stock herein authorized and of the disposition of the proceeds as will enable it to file on or before the 25th day of each month a verified report, as required by the Railroad Commission's General Order No. 24, which order in so far as applicable, is made a part of this order.

2. The authority herein granted will become effective upon the date hereof. None of the \$31,250.00 of stock may be issued or delivered after August 1, 1924.

DATED at San Francisco, California, this 14<sup>th</sup> day of April, 1924.

W. A. Beatty

H. B. Brundage

Egerton Shore

Commissioners.