

LBM

Decision No. 19207

ORIGINAL

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of)
SOUTHERN PACIFIC MOTOR TRANSPORT)
COMPANY for authority to issue and)
sell three thousand shares of its) Application No. 14247
capital stock at \$100.00 per share.)

E. J. Foulds, for applicant.

BY THE COMMISSION:

O P I N I O N

In this application the Railroad Commission is asked to make an order authorizing Southern Pacific Motor Transport Company to issue and sell, to Southern Pacific Company, at \$100. a share, 3000 shares of its capital stock for the purpose of paying advances by Southern Pacific Company and of liquidating accounts payable incurred in purchasing equipment.

Southern Pacific Motor Transport Company is a corporation organized, on or about April 16, 1927, under the laws of the State of California, for the purpose, among others, of operating automobiles as a common carrier of persons and property both within and without this state. It appears that at present it is conducting stage operations between Boulder Creek and Santa Cruz, California, in Salem and Eugene, Oregon, and over some of the highways in Oregon. Its revenues and expenses to October 31,

1927, are shown in Exhibit "1" as follows:-

Transportation revenue	\$60,275.03	
Transportation expenses	<u>62,536.19</u>	
Net loss from operation		2,261.16
Nonoperating income		<u>3,414.54</u>
Gross income		1,153.38
Miscellaneous charges to income		<u>556.46</u>
Surplus		<u>\$596.92</u>

The corporation has an authorized capital stock of 10,000 shares without nominal or par value. Heretofore, under authority granted by the Commission by Decision No. 18407, dated May 25, 1927 (Vol. 29, Opinions and Orders of the Railroad Commission of California, page 796) it issued, for the purpose of paying organization costs and of financing in part the cost of acquiring properties used in Oregon, 100 shares of its stock at \$100. a share, which stock, it appears, was acquired and is held by Southern Pacific Company.

In now making this application the company reports, in paragraph five of its petition that it has acquired thirty-nine passenger busses and four service cars which, with other equipment and properties, have cost it \$325,205.83. In addition it reports a special deposit with the state treasurer of Oregon of \$25,273.44, consisting of United States Treasury certificates. It appears, from the application and testimony herein, that applicant has acquired its property and equipment with moneys advanced by Southern Pacific Company or the amount still due is represented by accounts payable. It is stated that as of October 31, 1927 applicant owed the Southern Pacific Company \$129,051.45 while its vouchers payable amounted to \$231,818.42.

Applicant proposes to use the \$300,000. to be received from the sale of the 3000 shares of stock to liquidate in part these outstanding debts incurred for the purpose of acquiring property. It is of record that Southern Pacific Company will acquire

the entire issue of stock at the price of \$100.00 a share.

O R D E R

Southern Pacific Motor Transport Company having applied to the Railroad Commission for permission to issue 3000 shares of 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 through the issue of such stock is reasonably required for the purposes specified herein, and that the expenditures for such purposes are not, in whole, or in part, reasonably chargeable to operating expense or to income,

IT IS HEREBY ORDERED that Southern Pacific Motor Transport Company be, and it hereby is, authorized to issue and sell, to Southern Pacific Company, for cash, at not less than \$100.00 a share, 3000 shares of its capital stock and to use the proceeds to liquidate in part, the advances from Southern Pacific Company and pay other indebtedness incurred for the purpose of acquiring properties.

IT IS HEREBY FURTHER ORDERED that Southern Pacific Company be, and it hereby is, authorized to purchase at \$100.00 a share said 3000 shares of stock which Southern Pacific Motor Transport Company is herein authorized to issue and hold the same.

IT IS HEREBY FURTHER ORDERED that the authority herein granted shall become effective upon the date hereof and further, that Southern Pacific Motor Transport Company shall keep such record of the issue 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 insofar as applicable, is made a part of this order.

DATED at San Francisco, California, this 3rd
day of ~~December~~ January, 1928.

Emmott
Clayton
Leon Whitell
Frank L. ...
M. J. ...
Commissioners.