

LBM

Decision No. 20277.

ORIGINAL

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of)
MOTOR TRANSIT COMPANY)
for an order authorizing it (1) to)
purchase certain real properties for)
depot purposes; (2) to assume certain)
obligations in connection with said)
purchases; and (3) to issue certain)
shares of its corporate stock for the)
purpose of financing said purchases.)

Application No. 14938

Kidd, Schell and Delamer, by H. W. Kidd,
for applicant.

BY THE COMMISSION:

O P I N I O N

Motor Transit Company asks permission to issue and sell at par 614,234 shares (\$614,234.00 par value) of its common capital stock and assume indebtedness for the purpose of acquiring the properties hereinafter mentioned.

Applicant is engaged in operating as a common carrier and motor transportation company, lines of automobile stages for the transportation of passengers, their baggage and express and also between certain points and over certain routes for the transportation of freight by motor truck in various counties in Southern California. The company has an authorized stock issue of \$1,500,000.00 of which \$685,766.00 is now outstanding. The record shows that the Motor Transit Terminal Corporation owns depot and other properties in Los Angeles, Riverside, Pomona, Santa Ana and Sunland which have heretofore been operated by applicant under lease.

It is now proposed by the applicant that it acquire the properties and issue in payment therefor a certain amount of stock and assume any indebtedness that may be a lien on the properties. The properties are specifically described in Exhibit "A" filed in this proceeding, and consist in general of the following;-

<u>ITEM</u>	<u>LOCATION</u>	<u>Equity (To be paid for in cash by applicant)</u>	<u>Encum- brances</u>	<u>Total Pur- chase price</u>	<u>Time to Clear En- cumbrances</u>
A	Market St. Prop- erty (Los An- geles)	\$ 238,265.00	\$ 70,000.00	\$308,265.00	3 years
B	Pomona Depot	11,952.00	None	11,952.00	None
C	5th and Los An- geles Sts. (Los Angeles)	139,132.00	200,000.00	339,132.00	3 years
D	Riverside Depot Property	18,629.00	12,600.00	31,229.00	3 years
E	Santa Ana	8,163.00	105,000.00	113,163.00	13 years
F	Sunland Depot	<u>4,425.00</u>	<u>650.00</u>	<u>5,075.00</u>	3 years
Totals.....		<u>\$420,566.00</u>	<u>\$388,250.00</u>	<u>\$808,816.00</u>	

The Motor Transit Company asks permission to assume the encumbrances on the properties aggregating \$388,250.00 and to issue at this time \$420,566.00 of its common capital stock representing the equity in the properties. From time to time it asks authority to issue additional common capital stock in the amount of \$193,668.00, in order to obtain funds to pay part of the indebtedness which it will assume.

The testimony shows that the present value of the properties which the Motor Transit Company asks permission to acquire and the original costs thereof were in considerably in excess of the amount the Motor Transit Company will pay for the properties. The record further shows that it is to the advantage of the Motor Transit Company to own its own terminal properties rather than to operate them under a lease, in that its operating expenses will be less than the

rent it paid for the properties.

O R D E R

Motor Transit Company having applied to the Railroad Commission for permission to issue stock in the amount of \$614,234.00 and to assume indebtedness in the amount of \$388,250.00, a public hearing having been held before Examiner Fankhauser and the Commission being of the opinion that the money, property or labor to be procured or paid for by the issue of such stock and the assumption of such indebtedness is reasonably required by applicant, and that the expenditures herein authorized are not in whole or in part reasonably chargeable to operating expense or to income, therefore,

IT IS HEREBY ORDERED as follows;-

1. Motor Transit Company may issue and sell on or before June 30, 1929 at not less than par, \$614,234.00 par value of its common capital stock and use forthwith \$420,566.00 of the proceeds realized from the sale of such stock to pay in part for the properties referred to in the opinion which precedes this order.
2. Motor Transit Company may assume indebtedness in the amount of \$388,250.00, which indebtedness is a lien on the properties referred to in the opinion which precedes this order, and may pay part or all of such indebtedness through the use of the proceeds realized from the sale of \$193,668.00 of the stock herein authorized to be issued and sold.
3. Motor Transit Company shall keep such record of the issue, sale and delivery of the stock herein authorized to be issued 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.

4. The authority herein granted will become effective when Motor Transit Company has paid the fee prescribed by Section 57 of the Public Utilities Act, which fee is \$389.00.

DATED at San Francisco, California, this 28th day of September, 1928.

Leon Whitehall
Chairman

David S. Lewis

[Signature]
Commissioners.

