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Decision No. 8370

BEFORE THE RAILROAD COMMISSION
OF THE STATE OF CALIFORNIA.

ORIGINAL

In the Matter of the Application)
of B. and H. TRANSPORTATION COM-)
PANY, a corporation, for author-)
ity to issue stock.)

Application No. 6241

C. C. McWhinney and
R. H. Clock, for Applicant.

LOVELAND, Commissioner.

O P I N I O N.

B. and H. TRANSPORTATION COMPANY asks permission to issue, at par, \$200,000. of its common capital stock.

Applicant was incorporated on February 21, 1920, with an authorized capital stock of 300,000 shares of the par value of \$300,000. The company, since April 12, 1920, has been engaged in the transporting of passengers by auto busses over certain streets of the City of Long Beach, operating under an exclusive franchise granted by the city.

For the period April 12th to October 1, 1920, revenues and expenses are reported as follows:-

REVENUE:		
Fares earned	\$47,640.65	
Miscellaneous	300.00	
TOTAL		\$47,940.65
EXPENSES:		
Overhead	\$ 8,820.51	
Labor	16,210.35	
Materials	9,674.05	
TOTAL		<u>34,704.91</u>
SURPLUS		<u>\$13,235.74</u>

Applicant reports Assets and Liabilities as of October 1, 1920 as follows;-

A S S E T S

Cash	\$7,086.43
Storeroom stock	7,500.00
Real Estate	23,973.47
Equipment	1,248.83
Rolling stock	68,908.42
Franchise	21,873.38
Prepaid insurance	721.27
Insurance fund	<u>10,300.00</u>
	<u>\$141,611.80</u>

L I A B I L I T I E S

Accounts Payable	
General	\$ 19,277.22
Loans from officers	79,252.84
Notes payable	16,000.00
Capital stock	3.00
Mortgages	13,844.00
Surplus	<u>13,234.74</u>
	<u>\$141,611.80</u>

Applicant's real estate consists of Lots 6 and 9, Tract 2900 in the central part of the City of Long Beach. Located on the property is a brick building 100' X 120', which is used as an office, garage and car barn. Applicant paid for this property \$23,973.47.

Applicant operates 23 automobile stages, all of which were purchased new in April, 1920. The equipment consists of specially constructed bodies, with a seating capacity of 30 persons, placed upon Moreland trucks.

The company has an exclusive franchise to operate over certain streets in the City of Long Beach. For this franchise it actually paid the city \$21,000. and expended \$873.38 additional for advertising.

Applicant asks permission to use the proceeds from the sale of the \$200,000. of stock for the following purposes:-

To pay indebtedness consisting of-

Notes Payable	\$ 16,000.00
Mortgages	13,844.00
Loans from applicant's officers	79,252.84
Accounts Payable	19,277.22
To reimburse its treasury for money expended out of income	13,235.74
To provide funds for additional pro- perty and franchises	<u>58,390.20</u>
TOTAL	<u>\$200,000.00</u>

Applicant has issued no stock except three shares necessary to qualify directors. Practically all of the moneys invested in applicant's business represents loans or surplus earnings.

The company asks permission to issue \$58,390.20 of the proceeds from the sale of the stock to acquire additional equipment and franchises. Applicant was not in a position to advise the Commission definitely as to either the cost of the equipment or franchises. The order herein will therefore provide that the \$58,390.20 shall be deposited in a special fund and expended only for such purposes as the Commission may hereafter authorize by a supplemental order or orders.

I herewith submit the following form of order:-

O R D E R

B. and H. TRANSPORTATION COMPANY, having applied to the Railroad Commission for permission to issue stock, a public hearing having been held, and the Commission being of the opinion that the money, property or labor to be secured thereby, is reasonably required for the purpose or purposes specified in the order, and that the expenditures for such purpose or purposes are not in whole or in part reasonably chargeable to operating expense or to income;

IT IS HEREBY ORDERED that B. and E. TRANSPORTATION COMPANY be and it is hereby authorized to issue and sell at not less than par, on or before March 30, 1921, \$200,000. of its common capital stock.

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

1.--Of the proceeds authorized from the sale of the stock \$128,374.06 may be expended by applicant to pay the indebtedness referred to in this application, and \$13,235.74 to reimburse its treasury on account of surplus earnings invested in its property and business.

2.--All remaining proceeds shall be deposited in a special fund, and expended only upon supplemental order or orders from the Railroad Commission.

3.--Applicant shall keep such record of the issue and sale 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.

The foregoing Opinion and Order are hereby approved and ordered filed as the Opinion and Order of the Railroad Commission of the State of California.

Dated at San Francisco, California, this 26th day of November, 1920.

Edwin C. Edgerton
H. D. ...
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Commissioners.