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Decision No. 9192.

RECORDED
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BEFORE THE RAILROAD COMMISSION OF THE
STATE OF CALIFORNIA.

In the Matter of the Application of)
RICE TRANSPORTATION COMPANY,)
a corporation, for an order authorizing) Application No. 6949.
the issuance of 10,503 shares of stock.)

George M. Pierson for applicant.

LOVELAND, Commissioner.

O P I N I O N.

RICE TRANSPORTATION COMPANY asks permission to issue 10,503 shares (\$10,503.00) of its common stock to acquire properties and to pay part of the indebtedness which it asks permission to assume.

Rice Transportation Company was organized on or about April 7, 1921. The company has an authorized stock issue of \$100,000. divided into \$50,000. of common (50,000 shares) and \$50,000.00 of 10 per cent. cumulative preferred (50,000 shares). The preferred stock, under applicant's present articles of incorporation has a preference as to earnings only. If the company hereafter concludes to ask permission to issue any of the preferred stock, consideration should be given to the amendment of its articles of incorporation, so that the preferred stock will have a preference over the common stock, both as to earnings and assets. Consideration should also be given to the reduction of the rate of dividend. This Commission does not pass upon the terms and provisions of a company's articles of incorporation until such company asks permission to issue stock. Under the Public

Utilities Act, the Commission may attach to the exercise of its permission to issue stock such a condition or conditions as it may deem reasonable and necessary.

Pursuant to the authority granted in Decision No. 8135, dated September 23, 1920, J.R. Cleveland acquired the operative rights and properties formerly owned by the Rice Auto Delivery. He now proposes to transfer these operative rights and properties, together with other properties acquired since September 25, 1920, to the Rice Transportation Company. The properties which he intends to transfer consist of one 2½ ton transport truck, two 2-ton Auto car trucks, four Ford trucks with attachment, office supplies and miscellaneous equipment. Applicant reports the value of the automobile equipment and other properties which it intends to acquire from G.R. Cleveland at \$12,641.80. There is now due on the auto trucks \$5,641.80, leaving a net investment of \$7,000.00. Applicant asks permission to issue to G.R. Cleveland in payment for the properties \$7,000.00 of its common stock and to assume the payment of the \$5,641.80 due on the automobile equipment.

The transfer of the operative rights is authorized by an order in Application No. 6759.

Applicant also asks permission to issue and sell for par three (3) shares of its stock to its directors and 3,500 shares (\$3,500.00) to Mary K. Crane. Approximately one-half of the proceeds would be used by applicant to pay indebtedness which it asks permission to assume and the remainder to acquire an additional truck.

The record shows that applicant is in need of additional equipment to properly handle its business.

I herewith submit the following form of Order.

O R D E R.

RICE TRANSPORTATION COMPANY having asked permission to issue 10,503 shares (\$10,503.00 par value) of its common stock, a public

hearing having been held and the Commission being of the opinion that the money, property or labor which applicant intends to acquire through the issue of such stock is reasonably required by applicant and that this application should be granted subject to the conditions of this Order,

IT IS HEREBY ORDERED, that RICE TRANSPORTATION COMPANY be, and it is hereby, authorized to issue 10,503 shares (\$10,503.00 par value) of its common stock and to assume the payment of not more than \$5,641.80 due on automobile equipment which it is herein authorized to acquire through the issue of stock.

The authority herein granted is subject to the following conditions:-

- 1.--Of the stock herein authorized, 7,000 shares may be issued by applicant to G.R. Cleaveland in part payment for the automobile equipment and properties described in Exhibit "K" filed in this application.
- 2.--Three (3) shares of the stock herein authorized may be sold by applicant at not less than par to its directors and the proceeds used for working capital.
- 3.--\$3,500.00 of the stock herein authorized may be sold by applicant for not less than par and approximately one-half of the proceeds used to pay part of the indebtedness which applicant is herein authorized to assume, and the remainder to **acquire an additional automobile truck.**
- 4.--Rice Transportation Company 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.

5.--The authority herein granted will apply only to such stock as may be issued, sold and delivered on or before October 1, 1921.

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 30th day of June, 1921.

H. P. Anderson
H. J. Howard

H. P. Anderson
Commissioners.