

Decision No. 9489

ORIGINAL

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of
COAST TRUCK LINE, a corporation, for
an order authorizing the issuance of
forty (40) shares of its capital
stock.

Application No. 6858.

Henry J. Bischoff for Applicant.

Warren E. Libby for Boulevard Express Co.

Harry N. Blair for Ralph C. Walker.

BY THE COMMISSION.

OPINION

Coast Truck Line applies for authority to issue forty (40) shares of its capital stock.

A public hearing upon the application was held by Examiner Westover at San Diego.

It appears from the application and the testimony presented in its support that applicant proposes to issue forty (40) shares of its capital stock of the par value of \$100.00 per share, and use the proceeds for working capital. Applicant alleges that it is in need of additional working capital and that for that purpose it requires the following amounts:

To cover customers' accounts receivable,	\$1000.00
Gas, oils and lubricants,	250.00
Repairs,	100.00
Freight bills, stationery,	200.00
Miscellaneous equipment,	100.00
Prepaid rent,	300.00
Prepaid license fees,	200.00
Prepaid insurance,	250.00
Tire replacements,	1000.00
Total,	<u>\$4000.00</u>

Applicant is engaged in operating a freight truck service between San Diego and Oceanside, acquired by authority of the Commission from Roy Jakeway in consideration of 90 shares of its capital stock, and a separate service between Los Angeles and Escondido via Oceanside acquired by authority of the Commission from R. Roy Whetstone in consideration of 43½ shares of its capital stock, since March 20, 1921.

By Application No. 6857, Coast Truck Line applied for authority to increase rates on its San Diego-Oceanside division, including in its rate base \$500.00 for working capital. (See Decision No. 9433 of August 30, 1921.) The order authorizing these transfers provided that the operative rights previously enjoyed by Messrs. Jakeway and Whetstone, respectively, should not be enlarged or increased by the granting of authority to make the transfers, this provision being based upon a stipulation at the hearing concerning the transfers to the effect that these two lines would not be operated as one. (See Decision No. 3715 of March 3, 1921, upon Applications No. 6094, 6095 and 6096.)

It appears from the testimony that applicant is now carrying freight through between San Diego and Los Angeles via Oceanside, and in apparent disregard of its stipulation at the previous hearing. The fact was stated as one reason for needing more working capital incident to developing applicant's business, although the testimony at the rate hearing showed that tonnage handled on the San Diego-Oceanside division had fallen off since applicant took over the line.

Considering all of the circumstances, together with the fact that many of the items which applicant wants to finance through the issue of stock are chargeable to operating expenses, we conclude that applicant should not at this time be permitted to issue more than \$1000. par value of stock for working capital in the operation of the two lines taken over, and the order will so provide.

O R D E R

A public hearing having been held upon the above entitled application, the matter being submitted and now ready for decision, and the Commission being of the opinion that the money, property or labor to be procured or paid for by the issue of stock hereinafter described is reasonably required for the purpose or purposes specified in the order,

IT IS HEREBY ORDERED that Coast Truck Line, a corporation, be and it is hereby authorized and empowered to issue 10 shares of its capital stock of the par value of \$100.00 per share, at its par value without the payment of commission, discount or allowance, and use the proceeds thereof for the purpose of acquiring property, improving or maintaining its service, or the discharge or lawful refunding of its lawful obligations. This authority is granted upon the following conditions:

- (1) The authority herein contained shall extend only to such stock as may be issued on or before sixty days from date hereof,
- (2) Coast Truck Line shall keep true and accurate accounts, showing receipt and application, in detail, of the proceeds from the sale of the stock herein authorized, and until all of such stock is issued and the proceeds thereof expended shall, on or before the 25th day of each month, make verified report to the Commission in accordance with the Commission's General Order No. 24, which order, in so far as applicable, is made a part hereof.

Dated at San Francisco, California, this 12th day of September, 1921.

W. B. Anderson
A. W. Lawrence
Quincy Martin
Charles H. Young
Commissioners.