

Decision No. 26535

ORIGINAL

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of)
CALIFORNIA MILK TRANSPORT, INC.,)
to issue stock in payment of equip-)
ment and assets of Association Milk)
Haulers, Ltd.) Application No. 19161

BY THE COMMISSION:

O P I N I O N

In this application, as amended November 13th, the Railroad Commission is asked to enter its order authorizing California Milk Transport, Inc. to issue 476 shares of its capital stock without par value in payment for all the properties of Association Milk Haulers, Ltd., and to assume all of that company's liabilities. The applicant also asks permission to issue 150 shares of common stock without par value in exchange for \$15,000.00 par value of stock now outstanding.

California Milk Transport, Inc. is a corporation organized under the laws of the State of California on or about December 18, 1930. It originally had an authorized capital stock of \$50,000.00, divided into 500 shares of the par value of \$100.00 each, all common. On October 9, 1933 the Board of Directors of California Milk Transport, Inc. passed a resolution amending the company's Articles of Incorporation to provide that the corporation may issue 1500 shares of common capital stock without par value.

Under the authority granted by the Commission by Decision No. 24503, dated February 23, 1932, it acquired a certificate of

public convenience and necessity permitting it to operate motor trucks as a common carrier for the transportation of milk, cream, dairy products and supplies, and empty containers between Alhambra, Culver City, El Monte, Glendale, Hawthorne, Hollywood, Huntington Park, Inglewood, Lawndale, Lennox, Los Angeles, Montebello, Pasadena, South Gate, Torrance, Watts, Whittier, Burbank, Ocean Park, Redondo Beach, San Pedro, Santa Monica, Venice, Wilmington, Long Beach and San Bernardino on the one hand, and dairy ranches located in the vicinity of Huntington Park, Bell, South Gate, Downey, Compton, Long Beach, Clearwater, Hynes, Bellflower, Artesia, Norwalk and intermediate points on the other hand.

Association Milk Haulers, Ltd. is a corporation engaged in the hauling of milk, under contract, for and on behalf of the California Milk Producers Association, a co-operative dairymen's association, which contract provides that it haul all milk for the members of the association from dairies located in the Montebello, Downey, Clearwater, Hynes, Bellflower, Artesia, Norwalk and Buena Park districts to creameries or other milk handling plants or commercial establishments as designated by said association located in Los Angeles, Long Beach, Venice, Santa Monica, Glendale, Pasadena, Inglewood, Whittier, Belvedere, Wilmington or South Gate, and to transport empty containers back to the dairies. It is reported that the operations of Association Milk Haulers, Ltd. are confined to the carrying out of the terms of the contract and that the company is not and has never been operated under authority granted by the Commission.

California Milk Transport, Inc. now desires to take over the properties and operations of Association Milk Haulers, Ltd. It reports that it will operate the properties so obtained, and will maintain and carry on all of such operations taken over, as a common carrier in accordance with the terms of the order and authority and franchise given by the Commission by said Decision No. 24503.

As we read the application it is the intention of California Milk Transport, Inc. upon acquiring the properties to replace the present contract operations with its common carrier service. There is no request made in the application for a change in the rates charged by applicant or in its certificate of public convenience and necessity and it is our understanding that California Milk Transport, Inc., upon the completion of the present proposed transaction, will place all customers taken over from the Association Milk Haulers, Ltd. upon the same basis as its present patrons subject to the same tariff charges.

The balance sheet of Association Milk Haulers, Ltd. as of September 1, 1933, showing the assets to be transferred and the liabilities to be assumed is reported as follows:-

A S S E T S

<u>Plant and equipment:</u>		
Trucks	\$44,756.32	
Trailers	6,704.16	
Extras	619.26	
Buildings	1,465.05	
Garage equipment	3,228.68	
Office equipment	202.99	
Total	<u>\$56,976.46</u>	
Depreciation reserve	33,622.30	\$23,354.16
Cash		7,662.18
Accounts receivable		7,762.58
Due from California Milk Transport		26,709.69
Tires on hand		4,734.33
Hauling contract	16,424.00	
Less depreciation	<u>4,653.00</u>	11,771.00
Organization expense		1,500.00
Deferred charges		1,123.52
Total assets		<u>\$84,717.46</u>

L I A B I L I T I E S

<u>Capital stock:</u>		
Issued	\$51,600.00	
Subscribed but not issued	<u>11,000.00</u>	\$62,600.00
Accounts payable		4,758.36
Accruals		526.27
Surplus		16,832.83
Total liabilities		<u>\$84,717.46</u>

As stated, California Milk Transport, Inc. will assume the above indebtedness and will issue 476 shares of common stock without par value in payment for the properties of Association Milk Haulers, Ltd.

ORDER

California Milk Transport, Inc. having applied to the Railroad Commission for permission to issue 626 shares of stock, and the Commission being of the opinion that this is not a matter in which a public hearing is necessary, that the application should be granted, as herein provided, and that the money, property or labor to be procured or paid for through the issue of the stock herein authorized is reasonably required for the purposes specified herein, which purposes are not, in whole or in part, reasonably chargeable to operating expense or to income,

IT IS HEREBY ORDERED, that California Milk Transport, Inc. be, and it hereby is, authorized to issue not exceeding 476 shares of its capital stock without nominal or par value, and to assume the payment of indebtedness of approximately \$5,400.00 in payment for the properties of Association Milk Haulers, Ltd.

IT IS HEREBY FURTHER ORDERED, that California Milk Transport, Inc. be, and it hereby is, authorized to issue 150 shares of its capital stock without nominal or par value in exchange for the 150 shares of capital stock of the par value of \$100.00 each heretofore issued, such exchange to be made on a share for share basis.

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

1. Applicant shall keep such record of the issue of the stock herein authorized 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.

2. Applicant shall, on or before December 31, 1933, file with the Commission a copy of its Articles of Incorporation, as amended.
3. The authority herein granted will become effective twenty (20) days from the date hereof. Under such authority no stock may be issued after February 28, 1934.

DATED at San Francisco, California, this 20th day of November, 1933.

C. C. Secrest
Leon Whitcomb
A. H. Kim
M. B. Harris
William Brown
Commissioners.