

Decision No. 28713

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of the)
MARR FREIGHT TRANSIT, INC.,)
for order authorizing the issue of stock.)

Application No. 20448

BY THE COMMISSION:

ORIGINAL

O P I N I O N

The above entitled application shows that Marr Freight Transit, Inc. is a corporation engaged in the business of transporting freight by motor trucks between the Los Angeles Harbor District and the City of Los Angeles and within the City of Los Angeles.

It appears that the corporation was organized on or about December 20, 1926 and has an authorized capital stock of \$100,000. consisting of 1,000 shares of the par value of \$100. each, divided into \$70,000. of common stock and \$30,000. of 7% preferred stock, of which, pursuant to authority heretofore granted by the Commission, \$20,000. of said common stock was issued in payment for equipment and to provide working capital (Decision No. 20149, dated August 24, 1928 and Decision No. 21847, dated December 2, 1929.) None of the preferred stock has been issued.

The corporation now desires to issue an additional \$10,000. of common stock and to distribute the same to its present stockholders as a stock dividend.

Under the terms of the Public Utilities Act the Commission may authorize a public utility to issue stock to reimburse its treasury for moneys actually expended from income for the purposes mentioned in Section 52(b) of the Act. Provided the stock issue is reasonably supported by the assets and earnings, the amount of stock to be thus issued in reimbursement of the treasury is measured by

the surplus earnings invested in the assets. After such reimbursement the stock so issued may be distributed by the utility to its stockholders and the amount thereof charged against its surplus.

In the present application Marr Freight Transit, Inc. has filed its financial statement showing, among other things, its assets and liabilities as of March 1, 1936. These are reported as follows:-

A S S E T S

<u>Plant and equipment:</u>		
Trucks, trailers, autos(cost to applicant	\$29,391.42	
Furniture and fixtures.....	1,209.31	
Franchise	1.00	\$30,601.73
Cash		16,042.22
Accounts receivable		9,505.68
Materials and supplies		50.00
Prepayments		3,068.58
Due from officers		2,506.75
Total.....		<u>\$61,774.96</u>

L I A B I L I T I E S

Capital stock-Common	\$20,000.00
Accrued liabilities not due	1,654.02
Accounts payable	1,279.97
Reserve for accrued depreciation	21,177.73
Surplus	17,663.24
Total	<u>\$61,774.96</u>

The company has filed with the Commission its verified financial reports of its business since its inception. An examination and analysis of such reports shows for the period from January 1, 1927 to March 1, 1936, the following:-

<u>INCOME:</u>	
Net operating revenue	\$35,538.72
Nonoperating income	805.78
Total income.....	<u>\$36,344.50</u>
<u>DEDUCTIONS:</u>	
Interest and other income charges \$	3,791.23
Dividends	10,000.00
Miscellaneous adjustments	4,890.03
Total deductions....	<u>\$18,681.26</u>

Balance-Surplus March 1,1936 \$17,663.24

A review of the reports further shows that during the period referred to, the corporation included in its operating expenses for depreciation the total sum of \$47,988.48 before arriving at its net operating revenue, which sum was credited to its reserve for accrued depreciation. Charges against the reserve during the period because of property retirements are reported at \$26,810.75, leaving the \$21,177.73 balance in the reserve shown on the foregoing balance sheet.

It clearly appears that applicant has had surplus earnings in excess of the proposed stock issue and that it has invested such earnings in its plant and equipment or in working capital. It further would appear that the company's assets and earnings are ample to support a total stock issue of \$30,000. and that an order authorizing the issue of the additional \$10,000. of stock should be entered.

O R D E R

Marr Freight Transit, Inc. having applied to the Railroad Commission for permission to issue \$10,000. of common stock, and the Commission having considered applicant's request and 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 such stock is reasonably required for the purpose specified herein, which purpose is not, in whole or in part, reasonably chargeable to operating expense or to income,

IT IS HEREBY ORDERED that Marr Freight Transit, Inc. be, and it hereby is, authorized to issue at par on or before June 30, 1936, not exceeding \$10,000. par value of its common capital stock for the purpose of reimbursing its treasury because of surplus earnings invested

in its properties and assets, provided:-

1. That after reimbursing its treasury applicant shall distribute said stock, as required and permitted by law, to its present stockholders as a dividend; and
2. That applicant shall keep such record of the issue of said stock as will enable it to file within thirty(30) days thereafter a report, as required by the Commission's General Order No. 24, which order, insofar as applicable, is made a part of this order; and
3. That the authority herein granted shall become effective upon the date hereof.

DATED at San Francisco, California, this 13th day of April, 1936.

W B Lewis
Leon Whidley
M J Carr
Walter H. ...
James R. Deven
Commissioners.