

Decision No. 29340

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of )  
HIGHWAY TRANSPORT, INC., )  
a corporation, for an order author- )  
izing issue of Two Hundred and Fifty ) Application No. 20878  
(250) shares of said Corporation. )

Jacobs, Blanckenburg & May, by A. L. May,  
for applicant.

BY THE COMMISSION:

O P I N I O N

ORIGINAL

Highway Transport, Inc. has applied to the Railroad Commission for an order authorizing it to issue and sell \$25,000.00 par value of its common capital stock at par for the purpose of providing working capital and of paying indebtedness.

Information on file with the Commission shows that Highway Transport, Inc., during the latter part of 1935, acquired the properties and business of Highway Transport Company, a corporation then engaged in the business of operating trucks for the transportation of property generally between San Francisco, San Jose, Soledad, Pacific Grove, Hollister and intermediate points. By Decision No. 28316, dated November 4, 1935, it was authorized to issue \$35,000. par value of its stock and to deliver \$28,800. thereof in full payment for the properties of its predecessor and to sell \$6,200. at par for cash to provide working capital.

In making the present application for permission to issue additional stock, the company has furnished the Commission a financial report showing, among other things, for its first year of operation, that is, from November 1, 1935 to October 31, 1936, its revenues from the transportation of freight at \$112,534.99 and from other sources at

\$10,874.06, a total of \$123,409.05, and its operating expenses, including depreciation, at \$146,794.44, leaving a net loss for the period of \$23,385.39.

The report further shows assets and liabilities as of October 31, 1936 as follows:-

ASSETS

Plant and equipment . . . . .	\$ 37,663.28	
Less reserves . . . . .	<u>8,760.49</u>	\$ 28,902.79
Current assets:		
Cash (Credit balance) . . . . .	3,215.89	
Accounts receivable . . . . .	10,614.45	
Prepaid interest . . . . .	601.26	
Stock accessories . . . . .	<u>1,511.34</u>	9,511.16
Deferred charges . . . . .		2,633.41
Goodwill purchased . . . . .		<u>3,800.00</u>
Total . . . . .		<u>\$ 44,847.36</u>

LIABILITIES

Capital stock . . . . .		\$ 35,000.00
Fixed liabilities:		
Truck and trailer purchase contracts	\$ 7,402.83	
Contracts payable . . . . .	301.92	
Attorneys' fees-reorganization expense	<u>1,670.05</u>	9,374.80
Current liabilities:		
Taxes payable . . . . .	\$ 289.18	
Reserve for unemployment insurance . . .	1,108.19	
Notes payable . . . . .	4,900.00	
Insurance premium payable . . . . .	2,009.26	
Accounts payable . . . . .	6,489.48	
Due Valley Express Co. . . . .	676.03	
Due Robertson Drayage Co. . . . .	<u>2,551.06</u>	18,023.20
Advances in anticipation of stock purchases . . . . .		8,950.00
Deficit . . . . .		<u>26,500.64</u>
Total . . . . .		<u>\$ 44,847.36</u>

An analysis of the company's financial reports indicates that between November 1, 1935 and October 31, 1936 it increased its investment in fixed capital by the sum of \$12,663.28 and that it found it necessary to carry accounts receivable from the transportation of freight aggregating \$9,247.21 on October 31, as well as other accounts.

The testimony of Joseph Robertson, applicant's president, given at the hearing in this matter, indicates that in the first year of operation, the operating expenses were somewhat high because of the use of butane-powered equipment purchased from the predecessor company, but that during the year applicant had been able to reduce the

its costs by the substitution of new and larger gasoline powered tractors and trailers for the old equipment originally acquired by it, and that further economies would be effected, through a reduction of officers' drawing accounts, and changes in distribution and operating methods.

The testimony further indicates that the volume of tonnage being transported has been increasing and that in the opinion of the witness the company during the coming year should be able to eliminate its losses and should not require any part of the proceeds from the sale of its stock for operating expenses or deficits.

An order authorizing the issue of the stock accordingly will be entered.

#### ORDER

Highway Transport, Inc. having applied to the Railroad Commission for permission to issue \$25,000. par value of stock, a public hearing having been held before Examiner Fankhauser and the Commission being of the opinion that the application should be granted, as herein provided, that the money, property or labor to be procured or paid for through the issue of such stock is reasonably required for the purposes specified herein, and that the expenditures for such purposes are not, in whole or in part, reasonably chargeable to operating expenses or to income,

IT IS HEREBY ORDERED that Highway Transport, Inc. be, and it hereby is, authorized to issue and sell, at par for cash on or before March 31, 1937, not exceeding \$25,000. par value of its common capital stock for the purpose of paying outstanding liabilities and of financing the cost of properties, and/or of providing working capital, provided-

1. That applicant shall keep such record of the issue 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-A, which order, insofar as applicable, is made a part of this order; and
2. That the authority herein granted will become effective upon the date hereof.

DATED at San Francisco, California, this 7th day of December, 1936.

M B Lewis  
Leon Whiteley  
W D Carr  
W H ...  
Granville R. ...  
Commissioners.