

Decision No. 33279

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of
UNITED PARCEL SERVICE OF LOS ANGELES, INC. }
for an order authorizing issue of stock }
to reimburse treasury. }

Application No. 23548

BY THE COMMISSION:

ORIGINAL

OPINION

United Parcel Service of Los Angeles, Inc. has applied to the Railroad Commission for an order authorizing it to issue at par, \$100,000 of its common capital stock for the purpose of reimbursing its treasury for earnings invested in its properties and business.

Applicant is a corporation organized and existing under the laws of the State of California. It is now, and for many years past has been, engaged in the business of operating an automotive parcel delivery service in Southern California. For the last three years it has reported its revenues and expenses as follows:

<u>Item</u>	<u>1937</u>	<u>1938</u>	<u>1939</u>
Transportation revenue	\$1,163,047	\$1,218,331	\$1,495,451
Transportation expense	<u>1,133,587</u>	<u>1,151,901</u>	<u>1,394,479</u>
Balance	29,460	66,430	100,972
Miscellaneous income	<u>2,139</u>	<u>1,659</u>	<u>1,743</u>
Net income	31,599	68,089	102,715
Nonoperating expenses	<u>6,506</u>	<u>14,158</u>	<u>22,771</u>
Profit for year	25,093	53,931	79,944
Dividends declared	<u>17,000</u>	-	<u>35,000</u>
Balance	<u>\$ 8,093</u>	<u>\$ 53,931</u>	<u>\$ 44,944</u>

It appears that the corporation was organized during the latter part of 1923. At the beginning of 1924 it reported its investment in plant and equipment at \$24,267.93 and in current assets at \$42,222.98, a total of \$66,490.91. Its revenues for the year 1924 were reported at \$308,878.32 and its expenses at \$320,337.54, resulting in a loss of \$11,459.22.

During the time that has elapsed since January, 1924, the company's gross revenues have increased to \$1,495,451 for the year 1939 and its investment in automobiles, land and buildings to \$733,356.37 and in current assets to \$313,148.69, a total as of May 31, 1940 of \$1,046,505.06. The increase in the company's investment has been paid or provided largely through the use of surplus earnings and moneys represented by its reserves for depreciation. As of May 31, 1940 the assets and liabilities of the company are reported as follows:

A S S E T S

Plant and equipment:		
Delivery automobiles	\$508,013.22	
Plant equipment	184,343.15	
Land	<u>41,000.00</u>	\$ 733,356.37
Current and other assets:		
Cash	\$ 92,645.37	
Accounts receivable	84,755.57	
Inventories	30,169.32	
Prepaid expenses	5,530.43	
Lease deposits	<u>100,048.00</u>	313,148.69
Total assets		<u>\$1,046,505.06</u>

LIABILITIES

Capital stock	\$ 100,000.00
Accounts payable	131,688.11
Reserves for depreciation	510,135.39
Surplus	<u>304,681.56</u>
Total liabilities	<u>\$1,046,505.06</u>

From an analysis of the records of the company on file with the Commission it clearly appears that it has had from operations, surplus earnings, after provision for depreciation and after payment of dividends and other charges, in an amount well in excess of the proposed stock issue and that such earnings have been invested in the properties and business of the company. Accordingly, an order may reasonably be made at this time authorizing the company

to issue \$100,000 of stock to reimburse the treasury.

ORDER

United Parcel Service of Los Angeles, Inc. having applied to the Railroad Commission for an order authorizing it to issue \$100,000 of common 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 and that the money, property or labor to be procured or paid for is reasonably required for the purpose specified herein, and that the expenditure for such purpose is not, in whole or in part, reasonably chargeable to operating expenses or to income,

IT IS HEREBY ORDERED that United Parcel Service of Los Angeles, Inc. be, and it hereby is, authorized to issue, at not less than par, on or before August 31, 1940, not exceeding \$100,000 par value of its common capital stock for the purpose of reimbursing its treasury for earnings heretofore invested in its properties and business.

IT IS HEREBY FURTHER ORDERED that United Parcel Service of Los Angeles, Inc. shall file with the Commission a report, or reports, of the issue of the stock herein authorized, as required by the Railroad Commission's General Order No. 24-A, which order, insofar as applicable, is made a part of this order.

IT IS HEREBY FURTHER ORDERED that the authority herein granted will become effective as of the date hereof.

DATED at San Francisco, California, this 3rd day of July, 1940.

Ray L. Riley
James R. ...
Robert W. ...
W. H. Baker
Justus J. ...
COMMISSIONERS