

Decision No. ~~39700~~

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of)
LONG BEACH MOTOR BUS COMPANY,)
a California corporation,)
for an order of the Commission)
authorizing Long Beach Motor Bus)
Company to issue and sell 2,200)
shares of its common stock, without)
par value, to National City Lines,)
Inc.)
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ORIGINAL

Application
No. 27874

O P I N I O N

Long Beach Motor Bus Company asks permission to issue to National City Lines, Inc., for \$37,022.51 in cash, 2,200 shares of its common stock without par value.

Applicant is a corporation organized under the laws of California. It is engaged in the business of furnishing passenger stage service in the cities of Long Beach, Signal Hill, Bellflower, Dominguez, Lakewood Village, in Los Angeles County, and in the City of Seal Beach, in Orange County, and areas adjacent thereto.

For 1945 applicant reports operating revenues of \$376,205.99 and a net operating loss of \$23,957.08. For the first ten months of 1946 applicant reports operating revenues of \$262,484.82 and a net operating loss of \$44,268.25. As of October 31, 1946, applicant reports assets and liabilities as follows:

<u>Assets</u>		
Motor coaches		\$121,137.25
Original cost	\$127,689.79	
Accrued depreciation	6,552.54	
Franchises		1,383.37
Cash		4,174.96
Accounts receivable		897.99
Prepayments		370.50
Other assets		<u>1,800.00</u>
Total Assets		<u>\$129,764.07</u>
<u>Liabilities</u>		
Notes payable to banks		\$106,000.00
Due National City Lines, Inc.		60,000.00
Accounts payable		18,368.56
Reserve for injuries and damages		1,693.85
Common stock--300 no par shares		12,977.49
Deficit		<u>69,275.83</u>
Total Liabilities		<u>\$129,764.07</u>

In May 1946, applicant acquired nine new diesel hydraulic motor coaches at a cost of \$127,689.79. It financed the purchase of such motor coaches by making a down payment of \$11,689.79 by using cash in its treasury, and by obtaining a loan from the Bank of America National Trust and Savings Association for the balance. The principal of the loan is payable at the rate of \$2,000 a month. Applicant, up to October 31, 1946, has paid \$10,000 on the loan.

Applicant has outstanding 300 shares of no par value common capital stock to which it assigns a stated value of \$12,977.49. Applicant's petition shows that the National City Lines, Inc. is presently the beneficial owner of the 300 shares of stock, which shares are now owned of record by W. Ralph Fitzgerald and Jesse C. Yarbrough, as successor trustees under a voting trust agreement dated December 15, 1936.

National City Lines, Inc. has agreed to pay for the 2,200 shares of stock \$37,022.51. Such payment will bring the stated value of all of applicant's stock to \$50,000. Applicant will use \$21,689.79 of the proceeds from the sale of the 2,200 shares of stock to reimburse its treasury because of income used to make the down payment on the motor coaches and installment payments on the note to October 31, 1946. The balance of the proceeds will be used to make further payments on the note.

O R D E R

The Commission has considered applicant's request and is of the opinion that this is not a matter on which a hearing is necessary, that the money, property or labor to be procured or paid for by the issue of said 2,200 shares of stock by Long Beach Motor Bus Company is reasonably required by said company for the purposes herein stated, and that such purposes are not, in whole or in part, reasonably chargeable to operating expenses or to income, therefore,

IT IS HEREBY ORDERED that Long Beach Motor Bus Company may, after the date hereof and on or before June 30, 1947, issue and sell for \$37,022.51 in cash, 2,200 shares of its common stock without par value, and use \$21,689.79 of said proceeds to reimburse its treasury because of income expended to make a down payment on said nine new diesel hydraulic motor coaches and payments made to October 31, 1946, on a note issued to Bank of America National Trust and Savings Association. The remainder of the proceeds shall be used to make further payments on said

note.

IT IS HEREBY FURTHER ORDERED that Long Beach Motor Bus Company shall file a report, or reports, as required by the Commission's General Order No. 24-A, which order, insofar as applicable, is made a part of this order.

Dated at San Francisco, California, this 10th day of December, 1946.

Harold P. Kula
Justice F. Cooney
Francis O. Brown
John H. Russell
A. E. Dwyer
 Commissioners