Decision No. 40404

OPIGINAL E STATE OF CALLEDNIA

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of CALIFORNIA MOTOR EXPRESS, LTD., for authority to issue stock.

Application No. 28433

## OPINION

In this application, California Motor Express, Ltd. asks permission to issue 500 shares of its common capital stock, without par value, at \$174 a share, for the purpose of reimbursing its treasury because of income expended for the acquisition of real estate and terminal buildings.

California Motor Express, Ltd. is an express corporation engaged in transporting property as a common carrier between points in central and southern California. It owns no motor equipment but transports its express matter over the lines of other carriers. Between San Francisco and Oakland, on the one hand, and Los Angeles, on the other hand, it transports practically all such express over the lines of California Motor Transport Co., Ltd., a highway common carrier operating under certificates of public convenience and necessity granted by this Commission. Between Los Angeles and other points in Southern California, it operates over the lines of various carriers. It has reported operating revenue of \$1,795,239 in 1944, of \$2,176,078 in 1945, and of \$2,975,156 in 1946, and net income of \$33,831 in 1944, with a net loss of \$5,077 in 1945 and \$6,032 in 1946.

The company reports its balance sheet as of December 31, 1946, as follows:

## <u>Assets</u>

| Cash   Working funds   2,675.00   3,244.44   Accounts receivable   297,873.54     Total Current Assets   \$474,865.56     Tangible Property   Carrier operating property   Carrier operating property   461,619.07     Less: Depreciation reserve   37,137.25     Total Tangible Property   424,481.82     Investments and Advances   0. S. War Bonds   8,353.09     Deferred Assets   5,407.86     Other deferred assets   15,113.78     Total Deferred Assets   20,521.64     Frequents   68,059.00     Current Liabilities   68,059.00     Carrent Current Liabilities   5,061.53     Total Current Liabilities   5,061.53     Total Current Liabilities   6651,017.10     Deferred Credits   1,267.82     Capital Stock   Common capital stock   174,000.00     Unappropriated Surplus   Earned surplus at December 31, 1945   107,965.32     Operating deficit - year 1946   101,937.19   | Current Assets         |   |                                |              |
|--|------------------------|---|--------------------------------|--------------|
| Special deposits   | Cash                   | •                                       | \$161,072.58                   |              |
| Total Current Assets   |                        |   |                                |              |
| Total Current Assets   |                        |   | 13,244.44                      | ·            |
| Tangible Property   Carrier operating property   Less: Depreciation reserve   37.137.25     Total Tangible Property   424,481.82     Investments and Advances   20.5. War Bonds   8,353.09     Deferred Assets   5,407.86     Other deferred assets   15.113.73     Total Deferred Assets   20.521.64     Total Liabilities   20.5.   | Accounts receivable    |   | <u> 297.873.54</u>             |              |
| Carrier operating property Less: Depreciation reserve 37.137.25  Total Tangible Property 424,481.82  Investments and Advances U. S. War Bonds 8,353.09  Deferred Assets Prepayments Other deferred assets 5,407.86 Intelligible Total Assets 20,521.64  Total Deferred Assets 20,521.64  Total Assets 5928,222.11  Liabilities  Current Liabilities Payable to associated companies 488,084.06 Accounts payable 89,372.55 C.O.D.'s unremitted 68,059.00 Taxes accrued 439.96 Other current liabilities 5,061.53  Total Current Liabilities \$651,017.10  Deferred Credits 0,267.82  Capital Stock Common capital stock 174,000.00  Unappropriated Surplus Earned surplus at December 21, 1945 107.969.32 Operating deficit - year 1946 (6,032.13)  Total Unappropriated Surplus 101.937.19   | Total Current Ass      | ets                                     |                                | \$474,865.56 |
| Total Tangible Property  | Tangible Property      |   |                                |              |
| Total Tangible Property  |                        |   | 461,619.07                     |              |
| Investments and Advances   U. S. War Bonds   8,353.09  | Less: Depreciation res | serve                                   | 37.137.25                      |              |
| Deferred Assets  | Total Tangible Pr      | roperty                                 | •                              | 424,481.82   |
| Deferred Assets Prepayments Other deferred assets Total Deferred Assets  Total Assets  Total Assets  Liabilities  Current Liabilities Payable to associated companies Accounts payable Co.D.'s unremitted Taxes accrued Other current liabilities  Total Current Liabilities  Total Current Liabilities  Total Current Liabilities  Total Current Liabilities  Deferred Credits Other deferred credits  Capital Stock Common capital stock  Common capital stock  Common capital stock  Common capital stock  Total Unappropriated Surplus Earned surplus at December 31, 1945 Operating deficit - year 1946  Total Unappropriated Surplus   |                        | <u>5</u>                                |                                |              |
| Prepayments Other deferred assets  Total Deferred Assets  Total Assets  Liabilities  Current Liabilities  Payable to associated companies Accounts payable Co.O.D.'s unremitted Taxes accrued Other current liabilities  Total Current Liabilities  Total Current Liabilities  Total Current Liabilities  Payable to associated companies Accounts payable Accounts payable Fayable Taxes accrued Other current liabilities  Total Current Liabilities  Total Current Liabilities  Total Current Liabilities  Payable to associated companies Ay8,084.06 A99,372.55 A99,96 A39,96 A19,061.53  Total Current Liabilities  Payable to associated Spilities Appropriated Surplus  Capital Stock Common capital stock  Unappropriated Surplus  Total Unappropriated Surplus  Total Unappropriated Surplus  Total Unappropriated Surplus  101,937.19   | U. S. war Bonds        | ,                                       |                                | 8,353.09     |
| Prepayments Other deferred assets  Total Deferred Assets  Total Assets  Liabilities  Current Liabilities  Payable to associated companies Accounts payable Co.O.D.'s unremitted Taxes accrued Other current liabilities  Total Current Liabilities  Total Current Liabilities  Total Current Liabilities  Payable to associated companies Accounts payable Accounts payable Fayable Taxes accrued Other current liabilities  Total Current Liabilities  Total Current Liabilities  Total Current Liabilities  Payable to associated companies Ay8,084.06 A99,372.55 A99,96 A39,96 A19,061.53  Total Current Liabilities  Payable to associated Spilities Appropriated Surplus  Capital Stock Common capital stock  Unappropriated Surplus  Total Unappropriated Surplus  Total Unappropriated Surplus  Total Unappropriated Surplus  101,937.19   | Deferred Assets        |   |                                | •            |
| Total Deferred Assets  Total Deferred Assets  Total Assets  Eurrent Liabilities  Current Liabilities  Payable to associated companies Accounts payable C.O.D.'s unremitted Faxes accrued Other current liabilities  Total Current Liabilities  Fotal Current Liabilities  Total Current Liabilities  Total Current Liabilities  Other deferred credits Other deferred credits  Capital Stock Common capital stock  Capital Stock Common capital stock  Capital Stock Common capital stock  Capital Stock Common deficit - year 1946  Total Unappropriated Surplus  Total Unappropriated Surplus  Total Unappropriated Surplus  Total Unappropriated Surplus  107.969.32 (6.032.13)   |                        | •                                       | 5-407-86                       |              |
| Total Deferred Assets  |                        | ,                                       |                                | *,           |
| Liabilities  Current Liabilities Payable to associated companies   |                        |   |                                |              |
| Liabilities  Current Liabilities Payable to associated companies   | Total Deferred As      | ssets                                   |                                | 20,521.64    |
| Current Liabilities Payable to associated companies Accounts payable C.O.D.'s unremitted Second Seco |                        | Total Assets                            |                                | \$928,222.11 |
| Payable to associated companies Accounts payable C.O.D.'s unremitted Other current liabilities  Total Current Liabilities  Deferred Credits Other deferred credits  Capital Stock Common capital stock  Unappropriated Surplus Earned surplus at December 31, 1945 Operating deficit - year 1946  Total Unappropriated Surplus  101,937.19   | <u>Liabilities</u>     | ·                                       |                                |              |
| Payable to associated companies Accounts payable C.O.D.'s unremitted Other current liabilities  Total Current Liabilities  Deferred Credits Other deferred credits  Capital Stock Common capital stock  Unappropriated Surplus Earned surplus at December 31, 1945 Operating deficit - year 1946  Total Unappropriated Surplus  101,937.19   | Current Liabilities    |   |                                |              |
| Accounts payable C.O.D.'s unremitted G.O.D.'s  |                        | companies                               | \$488,084,06                   |              |
| C.O.D.'s unremitted  Taxes accrued Other current liabilities  Total Current Liabilities  Deferred Credits Other deferred credits  Capital Stock Common capital stock  Common capital stock  Total Unappropriated Surplus  Total Unappropriated Surplus  Total Unappropriated Surplus  Total Unappropriated Surplus  107.969.32 (6.032.13)  101.937.19  |                        |   |                                |              |
| Taxes accrued 0ther current liabilities 5.061.53  Total Current Liabilities \$651,017.10  Deferred Credits 0ther deferred credits 1,267.82  Capital Stock Common capital stock 174,000.00  Unappropriated Surplus Earned surplus at December 31, 1945 107.969.32 (6.032.13)  Total Unappropriated Surplus 101.937.19   |                        | ,                                       | 68.059.00                      | •            |
| Total Current Liabilities 5,061.53  Total Current Liabilities \$651,017.10  Deferred Credits 1,267.82  Capital Stock 1,267.82  Capital Stock 174,000.00  Unappropriated Surplus Earned surplus at December 31, 1945 107.969.32 (6,032.13)  Total Unappropriated Surplus 101.937.19   | Taxes accrued          | •                                       |                                | · ·          |
| Total Current Liabilities \$651,017.10  Deferred Credits   | Other current liabilit | ies                                     |                                |              |
| Deferred Credits Other deferred credits  Capital Stock Common capital stock  Unappropriated Surplus Earned surplus at December 31, 1945 Operating deficit - year 1946  Total Unappropriated Surplus  1,267.82 174,000.00 174,000.00 174,000.00 174,000.10  | Total Current Isa      | \hd \ \ \ \ \ \ \ \ \ \ \ \ \ \ \ \ \ \ |                                | \$651 017 TO |
| Other deferred credits  Capital Stock Common capital stock  Unappropriated Surplus Earned surplus at December 31, 1945 Operating deficit - year 1946  Total Unappropriated Surplus  1,267.82 174,000.00 174,000.00 107.969.32 (6.032.13)   | TOTAL CALLETT DIE      | INTITUTOS                               |                                | \$601,017.10 |
| Capital Stock Common capital stock  Unappropriated Surplus Earned surplus at December 31, 1945 Operating deficit - year 1946  Total Unappropriated Surplus  107.969.32 (6.032.13)  101.937.19  | Deferred Credits       | ,                                       |                                |              |
| Common capital stock 174,000.00  Unappropriated Surplus Earned surplus at December 31, 1945 107.969.32 Operating deficit - year 1946 (6.032.13)  Total Unappropriated Surplus 101.937.19   | Other deferred credits | · · · · · · · · · · · · · · · · · · ·   |                                | 1,267.82     |
| Common capital stock 174,000.00  Unappropriated Surplus Earned surplus at December 31, 1945 107.969.32 Operating deficit - year 1946 (6.032.13)  Total Unappropriated Surplus 101.937.19   | 0-14-7-04-3            |   |                                | •            |
| Unappropriated Surplus Earned surplus at December 31, 1945 107.969.32 Operating deficit - year 1946 (6.032.13)  Total Unappropriated Surplus 101.937.19  |                        |   |                                |              |
| Earned surplus at December 31, 1945 107.969.32 Operating deficit - year 1946 (6.032.13)  Total Unappropriated Surplus 101.937.19   | common capital stock   |   | ,                              | 174,000.00   |
| Earned surplus at December 31, 1945 107.969.32 Operating deficit - year 1946 (6.032.13)  Total Unappropriated Surplus 101.937.19   | Unappropriated Surplus |   |                                |              |
| Operating deficit - year 1946 (6,032.13)  Total Unappropriated Surplus 101,937.19  |                        | mbon 33 30/5                            | 707 066 32                     | •            |
| Total Unappropriated Surplus 101.937.19  | Operating deficit - ve | ar 1946                                 | (6.032.13)                     | •            |
|  | <u> </u>               | · • • -                                 | <i>المستحد الشيط المنطقة</i> . | · ·          |
| Total [14/bilition \$608.000 17  | Total Unappropria      | ted Surplus                             |                                | 101,937.19   |
| TO COL 11 TO CAL 11 TO TAKE 11 TO | Total Liabilities      |   | \$928,222.11                   |              |

The presently outstanding stock consists of 1,000 shares of common stock without par value, all reported owned by James C. Coughlin, heretofore issued under authority granted by the Commission, at \$174 a share. According to the company's financial reports, no cash dividends have ever been paid on the outstanding shares of stock.

The company's tangible assets for the most part consist of land and improvements, used as terminal sites, in San Francisco, Oakland, Los Angeles, Fresno and San Luis Obispo. It reports that from January 1, 1943, to December 31, 1946, it spent for land and terminal buildings, the sum of \$281,708.34, as shown in Exhibit "B" attached to the application, which it had accumulated in its treasury from carnings from operations and that it now desires to issue stock to reimburse its treasury in part for surplus earnings thus invested in its properties.

A review of the company's financial reports indicates that it has had surplus earnings in excess of the stated price at which it now proposes to issue its stock, to wit, \$87,000, and that said surplus earnings have been invested in its assets. The granting of this application will result in the transfer of \$87,000 from surplus to the capital stock account.

## ORDER

California Motor Express, Ltd. having applied to the Public Utilities Commission for an order authorizing the issue of 500 shares of stock, and the Commission having considered the matter and being of the opinion that a public hearing is not

necessary, that the money, property or labor to be procured or paid for through such issue is reasonably required for the purpose specified herein, which purpose is not, in whole or in part, reasonably chargeable to operating expenses or to income, and that this application should be granted, as herein provided, therefore,

## IT IS HEREBY ORDERED as follows:

- l. California Motor Express, Ltd., after the effective date hereof and on or before July 31, 1947, may issue not exceeding 500 shares of its common capital stock at a stated value of \$174 a share for the purpose of reimbursing its treasury because of income expended for the purchase of land and improvements used for terminal sites.
- 2. California Motor Express, Ltd. shall file a report of the issue of said stock as required by General Order No. 24-A, which order, insofar as applicable, is made a part of this order.
- 3. The authority herein granted will become effective twenty (20) days from the date hereof.

Dated at San Francisco, California, this \_\_\_\_\_\_ day of June, 1947.