

Decision No. 40404

ORIGINAL

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application)	
of CALIFORNIA MOTOR EXPRESS, LTD.,	:	Application
for authority to issue stock.)	No. 28433
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O P I N I O N

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>		
<u>Current Assets</u>		
Cash	\$161,072.58	
Working funds	2,675.00	
Special deposits	13,244.44	
Accounts receivable	<u>297,873.54</u>	
Total Current Assets		\$474,865.56
<u>Tangible Property</u>		
Carrier operating property	461,619.07	
Less: Depreciation reserve	<u>37,137.25</u>	
Total Tangible Property		424,481.82
<u>Investments and Advances</u>		
U. S. War Bonds		8,353.09
<u>Deferred Assets</u>		
Prepayments	5,407.86	
Other deferred assets	<u>15,113.78</u>	
Total Deferred Assets		<u>20,521.64</u>
Total Assets		<u>\$928,222.11</u>
<u>Liabilities</u>		
<u>Current Liabilities</u>		
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	<u>5,061.53</u>	
Total Current Liabilities		\$651,017.10
<u>Deferred Credits</u>		
Other deferred credits		1,267.82
<u>Capital Stock</u>		
Common capital stock		174,000.00
<u>Unappropriated Surplus</u>		
Earned surplus at December 31, 1945	107,969.32	
Operating deficit - year 1946	<u>(6,032.13)</u>	
Total Unappropriated Surplus		<u>101,937.19</u>
Total Liabilities		<u>\$928,222.11</u>

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 earnings 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.

O R D E R

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:

1. 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 17th day of June, 1947.

Harold J. Hills
Justin F. Cooney
W. H. Powell
G. E. Morrison
Samuel L. Potter
Commissioners