

Decision No. 41932

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of
Peerless Stages, Inc., a corporation,
to issue Stock.

Application
No. 29558

ORIGINALO P I N I O N

In this application, Peerless Stages, Inc. has applied to the Public Utilities Commission for an order authorizing it to issue 137,500 shares of its common stock of the par value of \$1.00 each, to reimburse its treasury because of income invested in its assets. It proposes, thereafter, to distribute such shares of stock, pro rata, to its present stockholders as a stock dividend.

Applicant is a corporation organized on or about January 31, 1923, under the laws of the State of California. It is now, and for many years has been, engaged in the business of operating passenger stages between Oakland, San Jose, Los Gatos, Santa Cruz, and other points. It has an authorized capital stock of \$1,000,000 divided into 500,000 shares of preferred and 500,000 shares of common, all shares being of the par value of \$1.00 each, of which there are now outstanding only 137,500 shares (\$137,500 par value) of the common stock. Dividends have been reported paid on such shares, since 1942, as follows:

<u>Year</u>	<u>Rate</u>	<u>Amount</u>
1943	10%	\$13,750
1944	20	27,500
1945	15	20,625
1946	10	13,750
1947	10	13,750
1948 (6 months)	5	6,875

As of June 30, 1948, applicant reports its assets and liabilities as follows:

Assets

Current assets -		
Cash and deposits	\$ 7,775.07	
Accounts receivable	25,545.99	
Materials and supplies	<u>25,742.39</u>	
Total current assets		\$ 69,063.45
Tangible property -		
Land	21,415.72	
Structures	53,665.08	
Revenue equipment	545,503.31	
Fare registers	15,072.43	
Service cars and equipment	2,830.70	
Shop and garage equipment	11,721.33	
Other property	<u>20,234.73</u>	
Sub-total	670,443.30	
Less-reserve for depreciation	<u>324,592.52</u>	
Total tangible property		345,850.78
Intangible property		37,476.00
Deferred debits		<u>11,561.92</u>
	Total	<u>\$463,952.15</u>

Liabilities

Current liabilities		
Notes and accounts payable	\$50,228.65	
Accrued liabilities	26,862.69	
Other current liabilities	<u>1,738.90</u>	
Total current liabilities		\$ 78,830.24
Deferred credits		575.00
Common stock		137,500.00
Earned surplus		<u>247,046.91</u>
	Total	<u>\$463,952.15</u>

Applicant now desires to issue additional shares of common stock, in the aggregate amount of \$137,500, and to distribute the same, on a share for share basis, to the holders of the presently outstanding common stock as a stock dividend. The effect of the proposed transaction will be to transfer \$137,500 from its earned surplus account to its capital stock account. At the conclusion of the transaction the earned surplus (as of June 30, 1948) will be decreased to \$109,546.91.

Applicant's annual reports clearly show that it has financed the cost of its assets primarily through the issue of stock and the investment of surplus earnings from operations and that such earnings, after making allowance for depreciation, have been in excess of the amount of stock now proposed to be issued. An order, therefore, properly can be entered authorizing the issue of the \$137,500 of stock, as requested by applicant, against the surplus so invested in assets.

O R D E R

The Public Utilities Commission having considered the above entitled matter and being of the opinion that a public hearing is not necessary, 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 \$137,500 of stock is reasonably required by Peerless Stages, Inc. for the purpose specified herein and that such purpose is not, in whole or in part, reasonably chargeable to operating expenses or to income,

IT IS HEREBY ORDERED as follows:

1. Peerless Stages, Inc., after the effective date hereof and on or before September 30, 1948, may issue not exceeding \$137,500 par value of its common stock for the purpose of reimbursing its treasury for moneys expended from income for additions to its properties. Thereafter, such stock may be distributed in accordance with law as a stock dividend to the holders of the presently outstanding common stock.

2. Applicant shall file with the Commission a report 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 10th day of August, 1943.

James T. Lowell.
Harold P. Hills
Herbert J. Potter

Commissioners