

ORIGINAL

Decision No. 44172

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of)	
	:	Application
RUSSELL TRUCK COMPANY,)	No. 31361
	:	
a Common Carrier, to issue stock.)	
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O P I N I O N

This is an application for an order of the Commission authorizing Russell Truck Company to issue 300 shares of its capital stock, of the aggregate par value of \$30,000, in payment of outstanding indebtedness.

Applicant is a corporation organized under the laws of the State of California on or about December 8, 1941. Under authority granted by Decision No. 35274, dated April 21, 1942, it acquired operative rights for the transportation of property as a highway common carrier between Los Angeles and Los Angeles Harbor, and it issued \$12,700 par value of its stock to pay for equipment.⁽¹⁾ From financial reports filed with the Commission, it appears that applicant commenced its operations on May 1, 1942, and that it has since continued the same. During the year 1949 it reported operating revenues of \$184,337 and net income, after all charges, of \$3,093.

(1) Applicant's 1949 annual report shows that the outstanding stock at the close of the year was held in equal proportions by Fred A. Russell and Margaret N. Russell.

At the close of 1949 the company reports its assets and liabilities as follows:

<u>Assets</u>		
Current assets -		
Cash and deposits	\$ 34,244	
Accounts receivable	7,360	
Materials and supplies	118	
Total current assets		\$41,722
Tangible property -		
Carrier operating property	134,730	
Less-reserve for depreciation	79,185	
Total tangible property		55,545
Intangible property		1,000
Other debit balances		372
		<u>\$98,639</u>
	Total	

<u>Liabilities</u>		
Current liabilities -		
Accounts payable	\$ 5,162	
Taxes accrued	2,082	
Other current liabilities	681	
Total current liabilities		\$ 7,925
Notes payable		34,000
Equipment obligations		5,600
Capital stock		12,700
Surplus		38,414
		<u>\$98,639</u>
	Total	

A review of applicant's reports shows that since it first undertook its business, it has increased its investment in plant and equipment from \$14,418 to \$134,730. During this period it has not increased its outstanding common stock, but, in the main, has financed its increased investment in properties and assets with earnings from operations and through advances from its officers. As shown in the preceding balance sheet, at the close of 1949 it had outstanding notes payable in the principal amount of \$34,000, which notes were issued as of December 30, 1949, will become due December 30, 1950, and carry interest at the rate of 5% per annum.

Applicant now proposes to liquidate \$30,000 of said outstanding notes through the issue to the payees of the notes, namely Fred A. Russell and George R. Russell, shares of capital stock at par in the aggregate amount of \$30,000.

The issue of the stock as proposed will improve applicant's financial position. An order accordingly will be entered.

O R D E R

The Commission having considered the above entitled matter and being of the opinion that a public hearing thereon 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 300 shares of capital stock is reasonably required by Russell Truck Company for the purpose specified herein, which purpose is not, in whole or in part, reasonably chargeable to operating expenses or to income; therefore,

IT IS HEREBY ORDERED as follows:

1. Russell Truck Company, after the effective date hereof and on or before July 31, 1950, may issue, at par, 300 shares of its capital stock of the aggregate par value of \$30,000, in payment of indebtedness of like amount now outstanding.
2. Russell Truck Company shall file with the Commission a report of the issue of said shares of 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 after the date hereof.

Dated at San Francisco, California, this 16th day of May, 1950.

R. E. [Signature]
Justin J. [Signature]
Earl H. [Signature]
Harold H. [Signature]
Thurston P. [Signature]
Commissioners