

Decision No. 46232

ORIGINAL

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application)
of SAN DIEGO FORWARDING CO. to :
Issue Shares of Its Common Stock)
Pursuant to Section 52 of the :
Public Utilities Act.)
----- :

Application
No. 32713

O P I N I O N

San Diego Forwarding Co., applicant herein, is a California corporation engaged as an express corporation and as a highway common carrier in the transportation of property between Los Angeles and San Diego. In this application, it seeks authority to issue 2,000 shares of common stock of the aggregate par value of \$20,000, for the purpose of capitalizing earnings from its operations which have been invested in its properties and assets. It proposes to distribute such shares as a stock dividend to the holders of its presently outstanding shares of common stock.⁽¹⁾

Applicant was organized during 1940. It reports that up to July 31, 1951, it had accumulated a balance of \$36,914.57 in its surplus account and that it had used the funds represented by its surplus for the purchase of new equipment and for the improvement and expansion of its services. It now desires to transfer \$20,000 of this sum to its capital stock account, through the proposed issue of stock, and thereby permanently capitalize retained earnings of that amount and bring its outstanding common stock more nearly into line with its reported investment in its properties.

(1)

Applicant's 1950 annual report shows that at the end of the year all the outstanding common stock (\$30,000 par value) was held by Virgil B. Windle and John W. Graham.

In Exhibit A attached to the application is a financial statement showing, among other things, applicant's assets and liabilities as of July 31, 1951, as follows:

Assets

Current assets -		
Cash	\$ 15,614.34	
Accounts receivable	19,993.95	
Prepaid expenses	<u>2,115.78</u>	
Total current assets		\$41,724.07
Tangible property -		
Trucking equipment	103,118.07	
Tools and equipment	14,724.89	
Furniture and fixtures	<u>8,919.25</u>	
	126,762.21	
Less-depreciation reserves	<u>72,981.20</u>	
Total tangible property		<u>53,781.01</u>
Total		<u>\$95,505.08</u>

Liabilities

Current liabilities		\$18,590.51
Preferred stock		10,000.00
Equity capital -		
Common stock	\$30,000.00	
Surplus	<u>36,914.57</u>	
Total equity capital		<u>66,914.57</u>
Total		<u>\$95,505.08</u>

A review of applicant's books and records has been made by the Commission's staff. It clearly appears that applicant's surplus represents earnings from operations and that it has been applicant's policy to retain such earnings in its business instead of distributing them as cash dividends. Under the circumstances surrounding this particular proceeding, it appears that an order properly can be made authorizing applicant to issue its shares of stock to reimburse its treasury because of moneys actually expended from income for properties and assets, and to distribute such shares to the holders of the outstanding shares of common stock as a stock dividend.

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 the stock herein authorized is reasonably required by applicant for the purpose specified herein; and that such purpose is not, in whole or in part, reasonably chargeable to operating expenses or to income; therefore,

IT IS HEREBY ORDERED as follows:

1. San Diego Forwarding Co., after the effective date hereof and on or before December 31, 1951, may issue 2,000 shares of its common capital stock of the aggregate par value of \$20,000, for the purpose of reimbursing its treasury because of earnings invested in its properties and assets, and thereafter may distribute such shares as a stock dividend to the holders of its outstanding shares of common stock.
2. Applicant shall file with the Commission monthly reports 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 2nd day of October, 1951.

J. J. [Signature]
President
James J. [Signature]
Harold A. [Signature]
John E. [Signature]
Commissioners