

ORIGINAL

Decision No. 46460

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. 32909
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O P I N I O N

California Motor Express, Ltd. has filed this application for authority to issue 750 shares of its no par capital stock at a stated value of \$174 a share, or at an aggregate stated value of \$130,500, for the purpose of reimbursing its treasury for moneys expended from income for real property and terminal and office facilities in San Jose and Fresno.

Applicant is, and since 1930 has been, engaged in business as an express corporation transporting property between points in central and in southern California over the lines of other common carriers, principally those of California Motor Transport Co., Ltd., an affiliated corporation.⁽¹⁾ It does not own or operate motor equipment, its tangible property consisting of land and buildings, together with furniture and miscellaneous equipment. As of September 30, 1951, it reports its investments, its liabilities and its net worth as follows:

(1)

For the year ended December 31, 1950, applicant reported operating revenues at \$2,707,382 and net income at \$185,140.

For the first nine months of 1951, it reported operating revenues of \$2,322,851 and net income of \$108,123.81.

Assets

Current assets -		
Cash and deposits	\$ 472,979.76	
Notes and accounts receivable	<u>567,259.29</u>	
Total current assets		\$1,040,239.05
Tangible property -		
Operative property	1,314,812.05	
Less-depreciation reserve	<u>156,499.68</u>	
Net tangible property		1,158,312.37
Deferred debits		<u>52,293.08</u>
	Total	<u>\$2,250,844.50</u>

Liabilities

Current liabilities -		
Notes and accounts payable	\$ 641,655.25	
Accrued liabilities	<u>156,482.65</u>	
Total current liabilities		\$ 798,137.90
Advances from associated companies		308,967.45
Equipment and other long-term obligations		237,708.34
Deferred credits		81,753.04
Common stock (2,500 shares)		435,000.00
Surplus		<u>389,277.77</u>
	Total	<u>\$2,250,844.50</u>

The present application shows that during the period from July 1, 1949, to June 1, 1951, applicant expended the sum of \$16,178.31 for certain real property in the City of San Jose and \$59,990.80 for the construction of new terminal and office facilities thereon, and that it expended the further sum of \$55,137.38 for improvements of its Fresno terminal facilities including the extension of the loading platform and fencing and paving of the premises. It appears that the expenditures, which aggregate \$131,306.49, were provided from moneys in applicant's treasury which had been accumulated from its income, and that applicant now proposes to finance such expenditures permanently through the issue of the shares of stock covered by this application.

A review of applicant's financial reports shows that it has had earnings from operations but that it has been its practice to invest such earnings in its assets and business rather than to

distribute them as dividends. The accumulated retained earnings at this time are ample to warrant the issue of the shares of stock as proposed and accordingly an order will be entered granting applicant's request. Giving effect to the proposed transaction, applicant's net worth as of August 31, 1951, would include 3,250 shares of stock with a stated value of \$565,500 and surplus of \$258,777.77.

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. California Motor Express, Ltd., after the effective date hereof and on or before January 31, 1952, may issue not exceeding 750 shares of its capital stock at a stated value of \$174.00 for the purpose of reimbursing its treasury because of income invested in equipment and other properties.

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 Los Angeles, California, this 27th day of November, 1951.

[Signature]
President
[Signature]
[Signature]
[Signature]
Commissioners