

# ORIGINAL

Decision No. 50311

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of	)	
KINGS COUNTY TRUCK LINES, a corpora-	:	Application
tion, for authority to issue	)	No. 35593
additional shares of capital stock.	:	
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## O P I N I O N

Kings County Truck Lines has filed this application for authorization to issue 3,000 shares of its common stock, at \$50 a share, in reimbursement of earned surplus of \$150,000 invested in its assets. It proposes to distribute said shares to its present shareholders as a stock dividend.

Applicant is a highway common carrier of property between San Francisco, Los Angeles, Sacramento, and other points. Its financial reports filed with the Commission show its revenues and expenses during the last three years as follows:

	<u>Revenues</u>	<u>Expenses</u>	<u>Net Income</u>
1951	\$1,128,181	\$1,096,794	\$31,387
1952	1,411,979	1,389,227	22,752
1953	1,606,496	1,585,932	20,564

The balance sheet filed in this proceeding indicates the recorded investment in fixed and other assets as of December 31, 1953, at \$964,329 and the sources of funds to provide this investment as follows:

Current liabilities		\$296,792
Equipment obligations		406,329
Capital investment -		
Common stock	\$ 75,000	
Earned surplus	<u>186,208</u>	
Total equity		<u>261,208</u>
<b>Total</b>		<b><u>\$964,329</u></b>

The outstanding capital stock consists of 1,500 shares without par value, which is reported held by Manuel S. Mancebo and Joe M. Coelho, Jr. It appears it has not been the practice of applicant to pay annual dividends but to retain its net income in its business. At the end of 1953, as indicated by its balance sheet, its retained earnings aggregated \$186,208.

Applicant now seeks to issue stock against the earned surplus thus reinvested in its properties and business. The transaction will result in the transfer of the sum of \$150,000 from the earned surplus account to the capital stock account and in the permanent capitalization of earned surplus of that amount. From a review of the application and of applicant's financial reports on file with the Commission it appears that an order properly can be made approving the request.

## ORDER

The 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 by the issue of the shares of 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. Kings County Truck Lines may issue not exceeding 3,000 shares of its capital stock, on or before November 30, 1954, in

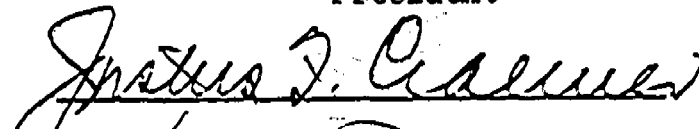

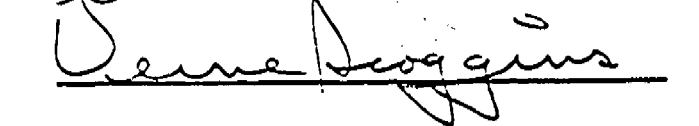
reimbursement of earnings invested in its assets and may distribute said shares of stock to its present shareholders as a stock dividend.

2. Kings County Truck Lines shall file with the Commission a report, or 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 20 days after the date hereof.

Dated at Los Angeles, California, this 27th day of July, 1954.

  
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President

  
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Commissioners