

ORIGINAL

Decision No. 51651

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of)	
SOUTHERN CALIFORNIA FREIGHT LINES :	Application
for authority to issue 4500 shares)	No. 37016
of its common capital stock. :	
-----)	

O P I N I O N

Southern California Freight Lines, applicant herein, is a California corporation engaged in the transportation of property as a highway common carrier over substantially all the main-traveled routes in southern California and between points therein, on the one hand, and points in the San Francisco territory, on the other hand. In this application it seeks authorization to issue and sell 4,500 shares of its common stock, at their par value of \$100 each, for the purpose of providing working capital and paying outstanding indebtedness.

Applicant was organized during 1920. It has an authorized capital stock of \$525,000 divided into 5,250 shares of the par value of \$100 each, which shares are further divided into 5,000 shares of common stock and 250 shares of preferred stock. Presently it reports outstanding 500 common shares and 180 preferred shares, all of which shares are held by Southern California Freight Lines, Ltd., which corporation will purchase and hold the additional common shares covered by this application.

It appears that applicant's net investment in tangible properties amounts to \$1,024,872 and that it has financed itself only to a small extent through the use of equity capital. Its

financial position as of April 30, 1955, is indicated in the following balance sheet:

<u>Assets</u>	
Current assets -	
Cash and deposits	\$ 50,372
Notes and accounts receivable	20,434
Materials and supplies	111,644
Prepaid expenses	<u>328,406</u>
Total current assets	\$ 510,856
Net tangible property	1,024,872
Intangible property	96,817
Other investments	19,518
Deferred charges	<u>1,851</u>
Total	<u>\$1,653,914</u>

<u>Liabilities and Capital</u>	
Current liabilities	
Accounts payable to affiliated companies	\$ 517,049
Long-term debt	290,347
Miscellaneous reserves	527,333
Preferred stock	35,566
Equity capital -	18,000
Common stock	\$ 50,000
Surplus	<u>215,619</u>
Total equity	<u>265,619</u>
Total	<u>\$1,653,914</u>

The issue of the additional shares of common stock will increase the equity participation in the business to approximately \$715,000. From a review of applicant's financial statement it appears that the proposed transaction will be of advantage to applicant, not only in broadening the base of its capital structure, but also in improving its current position through the payment of outstanding liabilities and the creation of additional cash working capital. Accordingly, we will enter an order granting the application.

O R D E R

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 purposes specified herein, and that such purposes are not, in whole or in part, reasonably chargeable to operating expenses or to income, therefore,

IT IS HEREBY ORDERED as follows:

1. Southern California Freight Lines may issue 4,500 shares of its common stock on or before September 30, 1955, and sell said shares, at not less than par for cash, for the purposes set forth in this application.

2. Southern California Freight Lines 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 on the date hereof.

Dated at San Francisco, California, this 5th day of July, 1955.

Justus J. Casimir
President

Paul J. [unclear]
[unclear]
[unclear]

Commissioners