

ORIGINAL

Decision No. 51849

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of:)
 CRAIL TRANSPORTATION CO., for auth-)
 ority to issue shares to present)
 stockholders to replace void shares)
 inadvertently issued, under the pro-)
 visions of Section 817(f) of the)
 Public Utilities Code of the State)
 of California.)
 -----)

Application
No. 37126

O P I N I O N

In this application Crail Transportation Co., a corpora-
tion, seeks authorization to issue shares of stock to replace shares
presently outstanding.

Applicant is a California corporation which was organized
on July 19, 1948. At the outset, and for a number of years, it
operated in the state as a radial highway common carrier, a city
carrier and a highway contract carrier of heavy machinery and equip-
ment and other commodities of unusual size and weight. During the
period of such operations, in order to finance itself, it sought and
received authorization from the Commissioner of Corporations to issue
not to exceed 125,000 shares of its common capital stock of the par
value of \$1 a share.

Applicant reports that the order of the Commissioner of
Corporations directed the sale of such shares, at par for cash, to
the persons who were named in its application for such authorization.
Applicant now asserts, however, that it issued 112,000 of such shares
but that the certificates representing the same in some instances,

if not in most instances, were issued containing names other than those specified in its application to the Commissioner of Corporations. It has been advised by its counsel that all shares thus issued, and the successive reissues by transfer of such shares, are void, and that steps should be taken to obtain authorization to re-issue the outstanding shares. The application shows that 38 certificates are outstanding.

Subsequent to obtaining authorization from the Commissioner of Corporations to issue shares of stock, applicant became certificated by this Commission to engage in business as a highway common carrier of property between points on all major highways within the state including service to off-route points, and it now is, and since the middle of 1952 has been, so operating. (Decision No. 47564, dated August 11, 1952, in Application No. 32857.) Accordingly, issues of its securities now must be authorized by the Public Utilities Commission instead of the Commissioner of Corporations. Applicant therefore has filed the present application with us.

Information filed with the Commission indicates that applicant's operations have been successful. A summary statement of its income, expenses and net profit for the last five calendar years, is as follows:

| <u>Year</u> | <u>Income</u> | <u>Expenses</u> | <u>Profit</u> |
|-------------|---------------|-----------------|---------------|
| 1950 | \$348,346.00 | \$341,889.00 | \$ 6,457.00 |
| 1951 | 382,996.00 | 357,896.00 | 25,100.00 |
| 1952 | 427,460.00 | 399,829.00 | 27,631.00 |
| 1953 | 415,459.00 | 393,996.00 | 21,463.00 |
| 1954 | 413,182.00 | 391,599.00 | 21,583.00 |

An examination of applicant's records has been made by a member of the Commission's staff. From such examination it appears that applicant's shareholders up to March 31, 1955, had invested \$176,688.85 in the properties and assets, including \$112,000

represented by the shares of stock and \$64,688.85 of retained earnings. The carrier's financial position as of March 31 of this year is indicated in the following balance sheet:

Assets

| | | |
|---|-----------------|---------------------|
| Current assets - | | |
| Cash and deposits | \$ 13,794.26 | |
| Notes and accounts receivable | 76,056.35 | |
| Prepayments | 10,059.82 | |
| Inventory | <u>3,557.20</u> | |
| Total current assets | | \$103,467.63 |
| Property and equipment, less depreciation reserve | | <u>151,550.84</u> |
| | Total | <u>\$255,018.47</u> |

Liabilities and Capital

| | | |
|----------------------------|------------------|---------------------|
| Current liabilities - | | |
| Notes and accounts payable | \$ 30,545.66 | |
| Accrued taxes | 7,961.85 | |
| Other liabilities | <u>2,035.68</u> | |
| Total current liabilities | | \$ 40,543.19 |
| Equipment obligations | | 37,786.43 |
| Capital and surplus - | | |
| Common stock | 112,000.00 | |
| Earned surplus | <u>64,688.85</u> | |
| Total capital and surplus | | <u>176,688.85</u> |
| | Total | <u>\$255,018.47</u> |

Upon reviewing this matter we are of the opinion that applicant's assets and earnings are sufficient to warrant an order authorizing the issue of the 112,000 shares of stock.

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 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. Crail Transportation Co., a corporation, on or after the effective date hereof and on or before December 31, 1955, may issue not exceeding 112,000 shares of its common stock of the aggregate par value of \$112,000, in exchange at share for share for common stock presently outstanding.

2. Crail Transportation Co. 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 20 days after the date hereof.

Dated at San Francisco, California, this 7th day of August, 1955.

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