

**ORIGINAL**Decision No. 53826

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application  
of ASBURY RAPID TRANSIT SYSTEM,  
a corporation, for authority to  
issue \$118,900 common stock as  
dividend payable in shares.

Application No. 38381

O P I N I O N

This is an application for an order authorizing Asbury Rapid Transit System to issue \$118,900 par value of its common stock for the purpose of reimbursing its treasury.

Applicant is a California corporation which was organized in 1923 and which is, and since its organization has been, engaged in business as a passenger stage corporation in Los Angeles County. It has an organized capital stock of 1,500 shares of the aggregate par value of \$150,000, of which 311 shares of the aggregate par value of \$31,100 presently are outstanding. All of the outstanding shares are held by Metropolitan Coach Lines.

It appears that it has not been applicant's practice to pay dividends on its outstanding shares, but, instead, to retain its earnings in its business and properties. As of July 31, 1956, it reports its outstanding equipment obligations and its equity capital as follows:

Equipment obligations		\$112,420
Equity capital -		
Common stock	\$ 31,100	
Paid-in surplus	75,500	
Earned surplus	<u>253,290</u>	
Total equity capital		<u>359,890</u>
Total		<u><u>\$472,310</u></u>

Applicant now proposes to issue its remaining authorized stock of \$118,900 against its surplus accounts and thereafter to distribute such stock to its shareholder as a stock dividend. At the conclusion of the transaction, its balance sheet will reflect stated capital of \$150,000 and earned surplus of \$209,890.

The staff of the Commission has made a review of applicant's records. It clearly appears that the carrier has had earnings from operations in excess of the proposed stock issue, that such earnings have been invested in assets and, accordingly, that an order properly may be entered authorizing the issue of stock in reimbursement of earnings so invested. The distribution of the shares as a stock dividend, as proposed, will not result in the withdrawal of cash, being merely a transfer of \$118,900 from surplus accounts to the capital stock account, and should in no way adversely affect applicant's affairs nor interfere with the functioning of its public utility facilities. On the other hand, the transaction will result in the retention of earnings in the business and in the development of a broader base of permanent equity in the capital structure. We are of the opinion that the money, property or labor to be procured or paid for by the issue of the shares of common 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.

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 and that the application should be granted as herein provided; therefore,

IT IS HEREBY ORDERED as follows:

1. Asbury Rapid Transit System may issue not exceeding \$118,900 par value of its common stock in reimbursement of its treasury for earnings invested in its assets and business. Thereafter, it may distribute such stock to its shareholder as a stock dividend.

2. Asbury Rapid Transit System 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 on the date hereof.

Dated at San Francisco, California, this 1st day of OCTOBER, 1956.

[Signature]  
President

[Signature]

[Signature]

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Commissioners