

**ORIGINAL**

Decision No. 54943

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application  
of DELIVERY SERVICE COMPANY, a  
corporation, for authority to  
issue its securities.

Application No. 38963

O P I N I O N

Delivery Service Company, a corporation, has filed this application for authorization to issue seven shares of its common stock, of the stated value of \$100 each, in reimbursement of its treasury for monies invested in its assets. It intends to distribute the shares to the stockholders of the corporation as a share dividend.

Applicant is engaged in the business of transporting general commodities in packages or parcels weighing 100 pounds or less within Alameda, Contra Costa, and portions of Solano Counties. For the year 1956 it has reported operating revenues of \$284,196 and net income of \$15,134, before income taxes and it has set forth its assets, liabilities and capital, as of December 31, 1956, as follows:

Assets

Current assets	\$33,802	
Less - current liabilities	<u>15,431</u>	
Net working capital		\$18,371
Carrier operating property, less reserve for depreciation		17,029
Intangible property		<u>175</u>
Total		<u>\$35,575</u>

Liabilities and Capital

Equipment obligations	\$ 3,340
Common capital stock	14,000
Earned surplus	<u>18,235</u>
Total	<u>\$35,575</u>

The foregoing statement shows that applicant has financed itself primarily with equity capital. It clearly appears that applicant has had earnings from operations, after making allowances for depreciation, well in excess of the proposed stock dividend and that such earnings, instead of being distributed as cash dividends, have been retained by applicant in its assets and business. An order, therefore, properly can be entered authorizing applicant to issue the shares of stock in the amount requested for the purpose of reimbursing its treasury for monies actually expended from income for additions to its facilities. Such shares thereafter may be distributed to the holders of the presently outstanding shares as a stock dividend.

The application shows that applicant proposes, ultimately, to increase its capital stock from \$14,000 to \$21,000 by the annual declaration of a stock dividend and the capitalization of surplus. Before issuing further additional stock, it will, of course, be necessary for the company to file an application, or applications, and to receive appropriate authority from the Commission.

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. Delivery Service Company, on or before September 30, 1957, may issue not exceeding seven shares of its common stock, of the aggregate stated value of \$700, for the purpose of reimbursing its treasury. Thereafter, it may distribute such shares as a share dividend to the holders of its outstanding shares of common stock.
2. Delivery Service Company 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 7<sup>th</sup> day of 1 MAY, 1957.

*John E. ...*  
President  
*Ray B. Waterman*  
*...*  
*R. Hardy*  
*E. L. ...*  
Commissioners