

ORIGINALDecision No. 58222

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of Airport Service, Incorporated, for authority to issue 220 shares of new Common Stock as a stock dividend and to transfer \$22,000.00 from the retained earnings account to the Capital Stock account.

Application No. 40907

O P I N I O N

Airport Service, Incorporated, has filed this application for authorization to issue 220 shares of common stock for the purpose of reimbursing its treasury. If authorized to issue the shares, it intends to distribute them as a share dividend to the holders of all its presently outstanding shares of common stock.

Applicant is a California corporation which was organized in the latter part of 1956. For approximately two years, it has been engaged in business as a certificated carrier of persons and their baggage and express between various points in Los Angeles County and the airports. For the past two years, it has reported its revenues and expenses as follows:

	<u>1957</u>	<u>1958</u>	<u>Total</u>
Operating revenues	\$278,322.43	\$292,792.43	\$571,114.86
Operating expenses	<u>257,954.71</u>	<u>274,955.55</u>	<u>532,910.26</u>
Net operating income	<u>20,367.72</u>	<u>17,836.88</u>	<u>38,204.60</u>
Less -			
Income charges, net	1,249.05	1,050.76	2,299.81
Income taxes	<u>5,735.60</u>	<u>5,591.27</u>	<u>11,326.87</u>
Net income	<u>\$13,383.07</u>	<u>\$11,194.85</u>	<u>\$24,577.92</u>

It appears that applicant has financed itself primarily with proprietary capital. A summary statement showing its assets, liabilities and net worth as of December 31, 1958, is as follows:

<u>Assets</u>		
Tangible property -		
Equipment, less reserves	\$29,747.25	
Less: Contracts payable	<u>11,717.70</u>	
Net		\$18,029.55
Franchises (at cost)		2,104.08
Current and deferred assets -		
Total	45,592.07	
Current liabilities		
(excluding contracts).	<u>19,147.78</u>	
Net		<u>26,444.29</u>
Total		<u>\$46,577.92</u>
<u>Capital</u>		
Common stock - 220 shares		\$22,000.00
Retained earnings		<u>24,577.92</u>
Total		<u>\$46,577.92</u>

All the presently outstanding stock is reported held by Jesse R. Britton, Lois A. Britton, Jack R. Britton and B. W. Britton.

From a review of applicant's financial statements, it clearly appears that it has had earnings, after making allowance for depreciation, 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. Such shares thereafter may be distributed to the holders of the presently outstanding shares as a share dividend.

The issue of the shares of stock as a dividend will not call for the withdrawal of cash from applicant's business. It will result in the transfer of the sum of \$22,000 from the retained earnings to the capital stock account, the transaction thus resulting in the permanent retention in the business of earnings of that amount.

Upon a review of this matter we are of the opinion that an order should be entered granting applicant's request.

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. Airport Service, Incorporated, on and after the effective date hereof and on or before September 30, 1959, may issue not to exceed 220 shares of its common stock, of the aggregate par value of \$22,000, for the purpose of reimbursing its treasury and thereafter may distribute such shares as a share dividend to the holders of its outstanding shares of common stock.

2. Airport Service, Incorporated, shall file with the Commission a monthly 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 7th day of April, 1959.

E. L. Fox
President
W. L. H. H. H.
W. L. H. H. H.
Theodore H. H. H.
E. L. H. H. H.
Commissioners