A.50946 MM

ORIGINAL

Decision No. 75527

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

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In the Matter of the Application

of

EUREKA-REDDING STAGES, INC., a California corporation,

for authority to issue and sell 500 shares of its common stock.

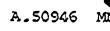
Application No. 50946 Filed March 11, 1969

1.

<u>O P I N I O N</u>

Eureka-Redding Stages. Inc. requests an order of the Commission authorizing it to issue 500 shares of its no par value capital stock in exchange for 420 shares of stock of doubtful validity and in cancellation of an outstanding indebtedness to its present shareholders.

Applicant is a California corporation doing business as Redwood Empire Lines. It conducts a passenger stage operation between Eureka and Redding. The reported assets and liabilities of the corporation as of December 31, 1968, are summarized from Exhibit A, attached to the application, as follows:



<u>Assets</u>

Current assets	\$10,456
Fixed assets less reserve for depreciation	24,016
Intangible property	5,196
Total	<u>\$39,668</u>
Liabilities	
Current liabilities excluding equipment	
obligations due within one year	\$ 2,831
Equipment obligations	24,819
Other long-term obligations	19,725
Common capital stock outstanding	2,625
Earned surplus (deficit)	(10,332)
Total	<u>\$39,668</u>

By Ordering Paragraph No. 5 of Decision No. 46733, dated February 5, 1952, in Application No. 33062, the Commission authorized applicant to issue and sell 500 shares of stock for not less than \$20,000, and to use the proceeds to pay indebtedness and to provide working capital to improve and maintain its operations. The company reports that it issued 420 shares pursuant to said decision, and that the stock is carried on its books at a total amount of \$2,625. Inasmuch as the outstanding shares may be invalid under Section 825 of the Public Utilities Code, the corporation desires to replace said shares by a new issue of 420 shares of its capital stock.

The application shows that the \$19,725 liability shown in the foregoing balance sheet represents an original investment

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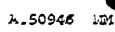
in the corporation by the incorporators and subsequent cash advances by its stockholders, and that the \$10,332 deficit results from losses sustained during the early years of operation.

Applicant proposes to issue 500 shares of its capital stock in exchange for said 420 shares and in cancellation of said \$19,725 indebtedness. Without deducting the deficit, the aggregate stated value would be \$22,350 for the resulting 500 shares of outstanding capital stock; the stated value per share would amount to \$44.70. According to the application, exchanging the \$19,725 debt for capital stock will produce a more realistic capitalization and will be of significant benefit to the corporation.

After consideration the Commission finds that: (1) the proposed stock issue is for proper purposes; (2) the money, property or labor to be procured or paid for by the issue of the stock herein authorized is reasonably required for the purposes specified herein; (3) such purposes are not, in whole or in part, reasonably chargeable to operating expenses or to income; and (4) applicant should eliminate virtually all its deficit. A public hearing is not necessary.

On the basis of the foregoing findings we conclude that the application should be granted, subject to the condition that applicant establish a stated value of \$24 per share for the proposed stock issue.

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ORDER

IT IS ORDERED that:

Eureka-Redding Stages, Inc., on or after the date
hereof and on or before September 30, 1969, may issue not exceeding
500 shares of its no par value capital stock at a stated value of
\$24 per share in the manner and for the purposes specified in the
foregoing opinion.

2. Before issuing any of the stock herein authorized, Eureka-Redding Stages, Inc. shall obtain and cancel the certificates representing the 420 shares of its capital stock of doubtful validity.

3. Eureka-Redding Stages, Inc. shall file with the Commission a report, or reports, as required by General Order No. 24-B, which order, insofar as applicable, is hereby made a part of this order.

4. The effective date of this order is the date hereof. Dated at _________, California, this ______ day of _______, 1969.

Commissioners