

Decision No. 22833

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of
PACIFIC ELECTRIC RAILWAY COMPANY,
a corporation, for permission to
acquire from Pacific Greyhound Corpo-
ration 435,642 shares of the outstand-
ing and issued capital stock of Motor
Transit Company, a California corpora-
tion, also of Motor Transit Company,
a California corporation, for per-
mission to sell and convey to Pacific
Greyhound Corporation the real estate
and improvements thereon owned by
Motor Transit Company at Fifth and Los
Angeles Streets, Los Angeles, California.)

Application No. 20458

ORIGINAL

R. E. Wedekind, for applicants.

BY THE COMMISSION:

O P I N I O N

This is an application for an order authorizing Pacific Electric Railway Company to acquire from Pacific Greyhound Corporation 435,642 shares of stock (\$435,642. par value) of Motor Transit Company, and authorizing Motor Transit Company to transfer to Pacific Greyhound Corporation certain real property located at Fifth and Los Angeles Streets, Los Angeles, now used as its motor coach terminal.

Motor Transit Company at present has outstanding \$1,306,926. par value of common capital stock divided into 1,306,926 shares, of which 871,284 shares, being two thirds of the outstanding amount, are held by Pacific Electric Railway, 335,642 shares by Pacific Greyhound Corporation and 100,000 shares by The Greyhound Corporation, an affiliated organization. At present the owners of the stock of Motor Transit Company participate in the policies of that company through the establishment of ^a joint executive committee composed of representatives of the stockholders.

It seems that the several companies now have decided that the operations of Motor Transit Company can be conducted more economically and efficiently and better service can be given if full control is vested in Pacific Electric Railway Company. To accomplish this end Pacific Electric Railway Company, Motor Transit Company and Pacific Greyhound Corporation have executed a memorandum of agreement, dated March 17, 1936, a copy of which is attached to applicant's petition as Exhibit "A", whereby, among other things, it has been agreed (1) that Pacific Greyhound Corporation will transfer or cause to be transferred to Pacific Electric Railway Company the 435,642 shares of Motor Transit Company stock now held by the two Greyhound companies; (2) that Motor Transit Company will transfer to Pacific Greyhound Corporation its real estate and improvements located at Fifth and Los Angeles Streets, Los Angeles, at an agreed value of \$330,618.; (3) that Pacific Electric Railway Company will pay the sum of \$330,618. to Motor Transit Company in consideration for that company's action in transferring said real estate and improvements to Pacific Greyhound Corporation; and (4) that Pacific Electric Railway Company will adjust with Pacific Greyhound Corporation, for a cash consideration, one-third of the difference between \$1,114,374., the agreed value of Motor Transit Company as of November 30, 1935, and the value of that company as of the date of transfer of the shares of stock as now proposed.

As stated, the real properties and improvements to be transferred by Motor Transit Company are now used by that company for terminal purposes. Such premises are used also by Pacific Greyhound Lines, Inc., the operating subsidiary of Pacific Greyhound Corporation, in addition to its own terminal at Sixth and Los Angeles Streets. The memorandum of March 17, 1936 indicates that Motor Transit Company will lease the properties it now is transferring, for a period of two years at an annual rental of \$6,604. which will be increased to

\$21,168. a year when the Pacific Greyhound Lines, Inc. removes to its Sixth and Los Angeles Streets terminal now being remodeled.

The record shows that though the price at which the real estate and improvements referred to herein are to be transferred, namely, \$330,618. , is approximately equal to the ledger value of the real estate plus the depreciated ledger value of the improvements, the said price was the result of negotiations between the interested parties.

ORDER

Application having been made to the Railroad Commission for an order authorizing Pacific Electric Railway Company to acquire stock of Motor Transit Company and Motor Transit Company to transfer properties, a public hearing having been held before Examiner Fankhauser and the Commission having considered the matter and being of the opinion that the application should be granted, as herein provided, therefore,

IT IS HEREBY ORDERED that Pacific Electric Railway Company be, and it hereby is, authorized to acquire and hold 435,642 shares of the capital stock of Motor Transit Company, in addition to the 871,284 shares of said stock heretofore acquired and now held by it, provided that the consideration paid by Pacific Electric Railway Company for such stock shall not be urged before this Commission as fixing the value of the properties of Motor Transit Company.

IT IS HEREBY FURTHER ORDERED that Motor Transit Company be, and it hereby is, authorized to transfer to Pacific Greyhound Corporation the real estate and properties located at Fifth and Los Angeles Streets, Los Angeles, referred to in this proceeding, such transfer to be made in accordance with the terms of the memorandum of March 17, 1936 filed as Exhibit "A" in this proceeding, provided that the consideration paid for such properties and the rental paid

for the use of said properties, as outlined in said memorandum, shall not be urged before this Commission as fixing the value of said properties for any purpose other than the transfer herein authorized.

IT IS HEREBY FURTHER ORDERED that Pacific Electric Railway Company, within sixty(60) days after acquiring the shares of stock of Motor Transit Company, as herein authorized, shall file with the Commission a statement showing the total amount actually paid by it for such shares.

IT IS HEREBY FURTHER ORDERED that the authority herein granted shall become effective upon the date hereof.

DATED at San Francisco, California, this 2nd day of May, 1936.

W. B. Lewis
Leon Whitson
W. A. Pica
William H. Green
Frank R. Kelly
Commissioners.