

Decision No. 31746

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of  
SOUTHERN PACIFIC COMPANY  
for authority under Section 51(b) of  
the Public Utilities Act to purchase  
and acquire from Southern Pacific Land  
Company certain shares of stock of  
Pacific Greyhound Lines, both common  
and preferred, held by Southern Pacific  
Land Company.

Application No. 22558

BY THE COMMISSION:

OPINION AND ORDER

This is an application for an order of the Railroad Commission authorizing Southern Pacific Company to purchase and acquire from Southern Pacific Land Company 104,000 shares of common stock and 5,223 shares of preferred stock of Pacific Greyhound Lines.

It appears that Pacific Greyhound Lines has outstanding 420,000 shares of common stock and 101,962 shares of preferred stock, all without par value. The holders of the preferred shares have no voting rights except when dividends thereon are twenty-one months in arrears, at which time, so long as any arrears remain, they shall be entitled to vote to the exclusion of the holders of the common stock.

According to information on file with the Commission, the outstanding stock of Pacific Greyhound Lines is held as follows:-

<u>Name of Holder</u>	<u>Common</u>	<u>Preferred</u>
The Greyhound Corporation	256,000 shares	55,270 shares
Southern Pacific Company	60,000 "	18,000 "
Southern Pacific Land Company	104,000 "	5,223 "
Various	-	23,469 "
Total . . . . .	<u>420,000 shares</u>	<u>101,962 shares</u>

The stock which Pacific Greyhound Lines now reports outstanding was initially issued by Pacific Greyhound Corporation, a holding company.

All subsidiaries of the Pacific Greyhound Corporation, with the exception of California Transit Company and California Parlor Car Tours Company, were liquidated on December 31, 1936. The assets and liabilities of such companies were transferred to Pacific Greyhound Corporation. The following subsidiary companies were liquidated:- Golden Gate Stages, Kern County Transportation Corporation, Pacific Auto Stages, Pacific Greyhound Lines, Inc. (then the operating company) Peninsula Rapid Transit Co., Pickwick Stages System, Southern Pacific Motor Transport Company and Union Auto Transportation Company. On the same day, to wit, December 31, 1936 Pacific Greyhound Corporation was merged with California Transit Company, which assumed the capital structure of Pacific Greyhound Corporation. The name of California Transit Company was then changed to Pacific Greyhound Lines.

The Railroad Commission did not authorize the issue of the stock which Pacific Greyhound Lines now reports outstanding.

Southern Pacific Land Company is a wholly owned subsidiary of Southern Pacific Company. The two companies together own 39.05% of the outstanding common shares of Pacific Greyhound Lines and 22.78% of its outstanding preferred shares. It now is desired to transfer the shares so held by Southern Pacific Land Company to Southern Pacific Company in order to make such shares available to Southern Pacific Company for collateral purposes.

It is reported that Southern Pacific Land Company acquired the common shares of Pacific Greyhound Lines stock it now holds at a cost of \$2,155,375.00 and the preferred shares at a cost of \$235,035.00 and that the shares now will be turned over to Southern Pacific Company at such costs. We are making no finding that such cost is reasonable or that it represents the value of the stock.

The Commission has considered this application and is of the opinion that a public hearing is not necessary and that the request of

applicant should be granted, as provided herein, therefore,

IT IS HEREBY ORDERED that Southern Pacific Company be, and it hereby is, authorized to purchase and acquire from Southern Pacific Land Company, and thereafter hold the 104,000 shares of common stock and 5,223 shares of preferred stock of Pacific Greyhound Lines now held by Southern Pacific Land Company, provided that the authority herein granted is not to be construed as a finding by the Commission that the consideration paid for said shares by the Southern Pacific Company is reasonable or represents the value of said shares,

IT IS HEREBY FURTHER ORDERED that the authority herein granted shall become effective fifteen(15) days after the date hereof.

DATED at San Francisco, California, this 14<sup>th</sup> day of February, 1939.

Rayburn  
Frank C. Allen  
Ray L. Carey  
H. H. Kelly  
Justice I. Cameron  
COMMISSIONERS