

Decision No. 50285

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of)	
METROPOLITAN COACH LINES, a corporation,	:	
to purchase the capital stock of ASBURY)	Application
RAPID TRANSIT SYSTEM from ASBURY TRANS-	:	No. 35574
PORTATION CO. and ASBURY SYSTEM; to issue)	
debentures; and to sell utility property.	:	
-----)	

O P I N I O N

In this application the Commission is asked to make its order authorizing Metropolitan Coach Lines to acquire the outstanding capital stock of Asbury Rapid Transit System and to issue debentures and authorizing Asbury Rapid Transit System to sell three terminal properties to Asbury Transportation Co.^{1/}

Metropolitan and Rapid are engaged in operating motor coach transportation services in Los Angeles County, the former operating over routes in all the principal areas served by the latter. Metropolitan now reports that it desires to obtain control of Rapid through the acquisition of its outstanding shares of stock and it asserts that common ownership of the lines of the two carriers will make possible the elimination of duplicate facilities with resultant economies in operation and will provide better service through the integration of the two separate operations. It proposes to continue the corporate entity and existence of Rapid and to maintain the present routes with no changes in rates or service except as hereafter may be authorized by the Commission.

^{1/} In this decision Metropolitan Coach Lines will be referred to as Metropolitan, Asbury Rapid Transit System as Rapid, and Asbury Transportation Co. as Transportation.

Rapid presently has outstanding 311 shares of common stock of the par value of \$100 each, of which 155 shares are held by Transportation and 156 shares by a third corporation known as Asbury System. The agreed purchase price for the shares is \$150,000, which will be payable in cash in the amount of \$100,000 and in Metropolitan's 5% debentures in the amount of \$50,000. The debentures constitute a portion of the \$1,000,000 of debentures which were authorized by the Commission by Decision No. 48923, dated August 4, 1953.

The following balance sheet shows Rapid's investment in its assets as of April 30, 1954, and its outstanding liabilities and capital:

<u>Assets</u>		
Current assets -		
Cash and deposits	\$ 53,768	
Accounts receivable	5,641	
Material and supplies	10,301	
Prepaid expenses	<u>24,714</u>	
Total current assets		\$ 94,424
Tangible property, less reserve		482,298
Intangible property		10,598
Other investments		<u>7,181</u>
Total		<u>\$594,501</u>
<u>Liabilities and Capital</u>		
Current liabilities -		
Notes payable	\$ 55,000	
Accounts payable--associated companies	82,362	
Other current liabilities	<u>80,967</u>	
Total current liabilities		\$218,329
Long-term obligations		98,439
Deferred credits		4,481
Capital -		
Common stock	31,100	
Surplus	<u>242,152</u>	
Total capital		<u>273,252</u>
Total		<u>\$594,501</u>

Financial reports filed by Rapid show its reported operating revenues and net income during the last 5-1/3 years as follows:

	<u>Operating Revenues</u>	<u>Net Income</u>
1949	\$1,321,652	\$(938)
1950	1,231,806	{ 3,463}
1951	1,229,578	(52,822)
1952	1,308,046	21,683
1953	1,339,407	18,661
1954 (4 Mos.)	404,571	(19,542)

Presently, Rapid maintains terminal facilities in Hollywood, San Fernando and Glendale. It proposes to sell the three properties to Transportation for a cash consideration of \$150,000 and thereafter to lease them back for a term of ten years. The Hollywood and San Fernando leases each shall provide for a monthly rental of \$200 and the Glendale lease for a monthly rental of \$600. The proceeds from the sale of the premises will be used by Rapid in part to pay its short-term bank loans of \$55,000 and its open account borrowings from Transportation of \$82,362.

Upon acquiring the properties Metropolitan reports that it will extend its present program of modernizing its operating equipment to the equipment utilized on the lines of Rapid and that at a later date Rapid's present servicing and repair facilities may be consolidated with its own. From a review of the application it does not appear that the acquisition of Rapid's stock by Metropolitan will be adverse to the public interest. The sale of the terminal properties, as proposed, should result in improving Rapid's financial position through the payment of its bank loans and current obligations. Accordingly, an order will be entered approving the application.

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 and that the application should be granted, as herein provided; therefore,

IT IS HEREBY ORDERED as follows:

1. Metropolitan Coach Lines, on or after the effective date hereof, may purchase, acquire and hold the outstanding shares of stock of Asbury Rapid Transit System under the terms and conditions set forth in this application.
2. Metropolitan Coach Lines, in part payment for such shares of stock, may deliver \$50,000 face value of the 5% debentures heretofore authorized by the Commission by Decision No. 48923, dated August 4, 1953.
3. Asbury Rapid Transit System, on or after the effective date hereof, may execute and deliver to Asbury Transportation Co. its terminal properties located in the cities of Hollywood, San Fernando and Glendale and thereafter may lease back said properties under leases substantially in the same form as those filed in this proceeding.
4. Metropolitan Coach Lines, within 30 days after acquiring the shares of stock of Asbury Rapid Transit System, shall file with the Commission a written report setting forth the date upon which it purchased said shares and the consideration paid by it.

5. The authority herein granted will become effective 20 days after the date hereof.

Dated at San Francisco, California, this 20th day of July, 1954.

John E. Mitchell
President.

Justin J. Caswell
Kenneth Pottier

Gene Roggins

Commissioners