

ORIGINAL

Decision No. 54875

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of THE GREYHOUND CORPORATION to acquire through merger the certificates of public convenience and necessity and the operating rights which are currently issued to and held by PACIFIC GREYHOUND LINES.

Application No. 38923

O P I N I O N

This is an application for an order approving the merger of Pacific Greyhound Lines and The Greyhound Corporation.

Pacific Greyhound Lines is a California corporation having its principal place of business in San Francisco. It is engaged in the transportation of passengers, baggage and express as a common carrier by motor vehicle in interstate and intrastate commerce in Arizona, California, Nevada, New Mexico, Oregon, Texas and Utah and, in addition, is the owner of all the outstanding stock of California Parlor Car Tours Company, a California corporation engaged in operating a passenger service in this state. Its intra-California operative rights are set forth and described in Appendix A, as amended, to Decision No. 47907, dated November 3, 1952, in Application No. 31883, by which a new certificate of public convenience and necessity was issued to the company in lieu of all presently granted authority.

The Greyhound Corporation is a Delaware corporation having its principal place of business in Chicago, Illinois,

and being authorized to do business as a foreign corporation in the State of California. It presently is operating as a common carrier of passengers in 43 states, including California, and in the District of Columbia, through the medium of six operating divisions.

The Greyhound Corporation owns approximately 98% of the outstanding common stock of Pacific Greyhound Lines. Those in control of the two corporations have concluded to merge Pacific Greyhound Lines into The Greyhound Corporation under the terms of an agreement whereby the separate corporate existence of Pacific Greyhound Lines will be terminated, its capital stock canceled and all its assets, subject to its liabilities, merged into The Greyhound Corporation, the surviving corporation. Each outstanding share of the 5% cumulative preferred stock of Pacific Greyhound Lines, par value \$100 a share, not presently held by The Greyhound Corporation, will be converted into one fully paid and nonassessable share of the 5% cumulative preferred stock, series of 1954, of The Greyhound Corporation, par value \$100 a share. Each outstanding share of common stock of Pacific Greyhound Lines, no par value, not held by The Greyhound Corporation will be converted into the number of fully paid and nonassessable shares of common stock of The Greyhound Corporation, par value \$3 a share, which could be purchased for \$50 as of the effective date of the merger, although in no event would less than three nor more than five shares of The Greyhound Corporation's common stock be issued for each share of Pacific Greyhound Lines' common stock.

The merger is part of a program which is being undertaken by The Greyhound Corporation to integrate its operations and to simplify its corporate structure. It has been approved by the Interstate Commerce Commission and the appropriate authorization has been granted by that agency with respect to the issue of stock necessary to consummate the transaction. Upon the conclusion of the transaction, the operations which will be conducted by The Greyhound Corporation in this state will be identical with the operations now conducted by Pacific Greyhound Lines. They will be carried on with the same management, personnel, equipment, facilities and other assets as are now utilized by Pacific Greyhound Lines and under the existing rates, rules, regulations and schedules. Counsel has advised the Commission that the books and records of Pacific Greyhound Lines' operations will be maintained in San Francisco and that such operations, after the merger, will be conducted and continued, as at present, by Pacific Greyhound Lines as a division of The Greyhound Corporation.

Upon the basis of the representations thus made, we are of the opinion and so find, that the proposed merger will not be adverse to the public interest. The Greyhound Corporation is placed on notice that operative rights, as such, do not constitute a class of property which may be capitalized or used as an element of value in rate fixing for any amount of money in excess of that originally paid to the state as the consideration for the grant of such rights. Aside from their purely permissive aspect, they extend to the holder a full or partial monopoly of a class of business over a particular route. This monopoly feature may be changed or destroyed at any time by the state, which is not in any respect limited as to the number of rights which may be given.

The action taken herein shall not be construed to be a finding of the value of the rights and properties herein authorized to be merged.

ORDER

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 that:

1. The merger of the operative rights and properties of Pacific Greyhound Lines into The Greyhound Corporation for ownership, management and operation and the acquisition by The Greyhound Corporation of control of California Parlor Car Tours Company through ownership of capital stock, be, and they hereby are, approved and authorized.

2. On not less than five days' notice to the Commission and to the public, effective concurrently with the consummation of such transfer, applicants shall supplement or reissue the tariffs and timetables on file with the Commission naming rates, rules, regulations and schedules governing the operations here involved to show that Pacific Greyhound Lines has withdrawn or canceled and The Greyhound Corporation has adopted or established, as its own, said rates, rules, regulations and schedules.

3. The authority herein granted will become effective twenty days after the date hereof.

Dated at San Francisco, California, this 22nd
day of APRIL, 1957.

[Signature]
President.
[Signature]
[Signature]
Commissioners