

**ORIGINAL**

Decision No. 58227

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application  
of SANTA BARBARA TRANSIT COMPANY  
for permission to have merged in  
it SANTA BARBARA MOTOR COACH  
CORPORATION and for authority  
of SANTA BARBARA TRANSIT COMPANY  
to issue stock

Application No. 40973

O P I N I O N

This application has been filed by Santa Barbara Transit Company and Santa Barbara Motor Coach Corporation for approval of an agreement of merger.

Santa Barbara Transit Company is a California corporation operating motor coaches for the transportation of passengers in the City of Santa Barbara and the communities of Goleta, Montecito and Carpinteria, along with providing transportation for the public school systems of the San Barbara and adjoining school districts. It operates a fleet of 48 buses, but does not own real property and improvements nor shop equipment.

Santa Barbara Motor Coach Corporation is a California corporation which owns certain real property and improvements and which operates a maintenance shop for the vehicles utilized by Santa Barbara Transit Company.

The two corporations are controlled through stock ownership by the same interests. <sup>1/</sup> Those in control of the affairs of the corporations have concluded that economies can be effected and the operations simplified by a merger of the two corporations into one. Accordingly, an agreement of merger, dated March 25, 1959, has been drawn up whereby Santa Barbara Motor Coach Corporation will be merged into Santa Barbara Transit Company and Santa Barbara Transit Company, as the surviving corporation, will succeed to all the assets and operations of the constituent companies and will assume all the debts and liabilities. All the outstanding shares of stock of Santa Barbara Motor Coach Corporation will be surrendered for cancellation and Santa Barbara Transit Company thereupon will issue in exchange 4,367 shares of its \$10 par value stock, being at the rate of one share of Santa Barbara Transit Company for each share of Santa Barbara Motor Coach Corporation stock. It is reported that the merger will result in no curtailment of service to the public.

A statement of the assets, liabilities and capital of the present corporations as of December 31, 1958 and a pro forma statement, giving effect to the merger, are as follows:

<sup>1/</sup>

The outstanding shares of stock of both corporations, all of the par value of \$10 each, are reported held as follows:

	<u>Santa Barbara Motor Coach Corporation</u>	<u>Santa Barbara Transit Company</u>
Mae Marton	2,401	4,127
Frank Sylvester	983	1,690
Gaylord J. Spreitz	<u>983</u>	<u>1,690</u>
Total	<u>4,367</u>	<u>7,507</u>

<u>Assets</u>	<u>S. B. Motor Coach Corp.</u>	<u>S. Barbara Transit Co.</u>	<u>Pro Forma</u>
Operative property -			
Bus equipment	\$ 61,833.71	\$243,979.81	\$305,813.52
Fare boxes	-	1,789.62	1,789.62
Real estate	65,431.53	-	65,431.53
Improvements	10,392.24	-	10,392.24
Shop equipment	5,042.90	-	5,042.90
Furniture and fixtures	219.90	-	219.90
Subtotal	<u>142,920.28</u>	<u>245,769.43</u>	<u>388,689.71</u>
Less - depreciation res.	<u>20,276.13</u>	<u>65,590.87</u>	<u>85,867.00</u>
Net operative property	122,644.15	180,178.56	302,822.71
Current assets	11,501.36	989.92	12,491.28
Other assets	<u>5,356.12</u>	<u>-</u>	<u>5,356.12</u>
 Total	 <u>\$139,501.63</u>	 <u>\$181,168.48</u>	 <u>\$320,670.11</u>
 <u>Liabilities and Capital</u>			
Notes payable	\$114,454.21	\$105,622.34	\$220,076.55
Accounts payable	-	9,370.01	9,370.01
Common stock	43,670.00	75,070.00	118,740.00
Surplus (deficit)	<u>(18,622.58)</u>	<u>(8,892.87)</u>	<u>(27,516.45)</u>
 Total	 <u>\$139,501.63</u>	 <u>\$181,168.48</u>	 <u>\$320,670.11</u>

The financial statements filed with the application show that during 1958 the revenues of Santa Barbara Transit Company amounted to \$414,002.95 and the net gain to \$6,465.70 and that the revenues of Santa Barbara Motor Coach Corporation amounted to \$139,225.82 and the net gain to \$923.60.

Upon reviewing this matter, we are of the opinion, and so find, that the merger will not be adverse to the public interest, that the money, property or labor to be procured or paid for by the issue of the shares of stock herein authorized is reasonably required for the purpose specified herein, that such purpose is not, in whole or in part, reasonably chargeable to operating expenses or to income, and that the application should be granted.

The authorization herein granted shall not be construed to be a finding of the value of the properties referred to in this proceeding.

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, therefore,

IT IS HEREBY ORDERED as follows:

1. Santa Barbara Transit Company and Santa Barbara Motor Coach Corporation may execute and enter into an agreement of merger in, or substantially in, the same form as that filed in this proceeding as Exhibit A.

2. Santa Barbara Transit Company may issue not to exceed 4,367 shares of its common stock on or before September 30, 1959, in exchange for the shares of stock of Santa Barbara Motor Coach Corporation, pursuant to the terms of said agreement of merger, and may assume the payment of outstanding indebtedness of the constituent companies.

3. Santa Barbara Transit Company shall file with the Commission a report, or reports, as required by General Order No. 24-A, which order, insofar as applicable, is made a part of this order.

4. The authority herein granted shall become effective on the date hereof.

Dated at San Francisco, California, this 7<sup>th</sup> day of April, 1959.

E. J. Fox  
President

William H. Decker

Theodore Deiner

Carroll W. Range  
Commissioners