

ORIGINAL

Decision No. 74867

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of)
)
 VICTORVILLE-BARSTOW TRUCK LINES,)
 a California corporation)
)
 For authorization to issue shares of)
 capital stock in exchange for)
 outstanding shares pursuant to)
 Sections 816 - 830 of the Public)
 Utilities Code)
 _____)

Application No. 50574
Filed September 25, 1968

O P I N I O N

This is an application for an order of the Commission authorizing Victorville-Barstow Truck Line to issue (1) certificates representing 3,360 shares of its \$10 par value common stock in exchange for certificates representing 480 shares of previously authorized \$100 par value capital stock, and (2) 33,600 shares of its \$10 par value preferred stock as a stock dividend to its shareholders.

Applicant is engaged in motor carrier operations in portions of southern California. For the year 1967 it reports total operating revenues of \$1,264,247 and a net income of \$47,575.

The application shows that on March 31, 1968, the company's outstanding stock consisted of 480 shares of common stock having an aggregate par value of \$48,000, and that its earned surplus amounted to \$354,617.

On or about June 3, 1968, applicant amended its Articles of Incorporation so as to authorize (a) 75,000 shares of \$10 par value nonvoting participating cumulative preferred stock, the holders thereof to be entitled to receive dividends at the rate of 7% per annum on the par value, and (b) 7,500 shares of \$10 par value common stock, with a provision causing each outstanding share of \$100 par value capital stock to become 7 shares of \$10 par value common stock. The company proposes to issue stock certificates reflecting the result of the latter provision.

The carrier intends to declare a dividend of 10 shares of preferred stock for each share of common stock now issued and outstanding, which dividend will result in the transfer of \$336,000 to stated capital from earned surplus, leaving \$18,617 in the latter as of March 31, 1968.

After consideration the Commission finds that:

1. The proposed stock issue and stock certificates are for proper purposes.
2. Applicant's earned surplus exceeds the proposed stock dividend to the extent that the corporation may properly issue the stock dividend against such surplus.

3. The money, property or labor to be procured or paid for by the issue of the stock and stock certificates herein authorized is reasonably required for the purposes specified herein, which purposes are not, in whole or in part, reasonably chargeable to operating expenses or to income.
4. The cumulative and participating features of the preferred stock would impose unnecessarily heavy potential financial burdens upon applicant.

On the basis of the foregoing findings we conclude that the application should be granted, subject to the condition that the preferred stock will be noncumulative and nonparticipating. A public hearing is not necessary.

O R D E R

IT IS ORDERED that:

1. Victorville-Barstow Truck Line may issue certificates representing 3,360 shares of its \$10 par value common stock upon surrender to it of certificates representing 480 shares of its previously authorized \$100 par value capital stock.
2. Victorville-Barstow Truck Line, on or after the effective date hereof and on or before January 31, 1969, may issue and distribute not exceeding 33,600 shares of its \$10 par value preferred stock, at par, in the manner and for the purpose set forth in the application.

3. Victorville-Barstow Truck Line shall file with the Commission a report, or reports, as required by General Order No. 24-B, which order, insofar as applicable, is hereby made a part of this order.

4. This order shall become effective when Victorville-Barstow Truck Line has filed with the Commission a certified copy of an Amendment of its Articles of Incorporation reflecting changes consistent with the last paragraph of the foregoing opinion.

Dated at San Francisco, California, this 29th day of OCTOBER, 1968.

William J. Quinn
President
John E. ...
Stallman ...
Augusta

Commissioners

Commissioner Fred P. Morrissey, being necessarily absent, did not participate in the disposition of this proceeding.