

Decision No. 75395

ORIGINAL

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of:)
)
 STERLING TRANSIT COMPANY, INC. A)
 corporation for authority to)
 issue a promissory note pursuant)
 to Sections 816-30 of the)
 California Public Utilities Code)
 for the purpose of purchasing and)
 retiring outstanding stock of)
 the Corporation.)

Application No. 50890
Filed February 17, 1969

O P I N I O N

Sterling Transit Company, Inc. requests an order of the Commission authorizing it to issue a \$350,000 note for the purpose of financing, in part, the \$400,000 purchase price for 964 of its 2,500 shares of outstanding capital stock.

Applicant is a California corporation operating as a highway common carrier under the jurisdiction of this Commission in various portions of the State. In addition, the company performs motor carrier operations under permits issued by this Commission, and operates under the jurisdiction of the Interstate Commerce Commission. For the year 1968 the carrier reports total revenues and net income of \$5,348,776 and \$134,320, respectively.

The corporation's assets and liabilities as of December 31, 1968, excluding \$149,455 for other intangible property and the off-setting amortization reserve, as summarized from Exhibit A attached to the application, are as follows:

Assets

Current assets	\$ 650,586
Tangible property less depreciation reserve	1,705,979
Intangible property	8,515
Deferred debits	<u>229,387</u>
Total	<u>\$2,594,467</u>

Liabilities

Current liabilities	\$ 626,889
Long-term obligations	777,523
Deferred credits	98,293
Common capital stock	250,000
Earned surplus	<u>841,762</u>
Total	<u>\$2,594,467</u>

According to the application, the carrier's outstanding capital stock consists of 2,500 shares owned as follows:

Orin Thorkildsen	1,250
Doris N. Thorkildsen	964
Tom Thorkildsen	137
Tom Thorkildsen Jr.	12
Faye Thorkildsen	<u>137</u>
Total	<u>2,500</u>

The corporation proposes to reacquire and retire the 964 shares held by Doris N. Thorkildsen. The \$400,000 purchase price is less than the book value of the 964 shares. Payment is

to be made by cash in the amount of \$50,000 and by a note in the principal amount of \$350,000 repayable in monthly installments of \$2,000 or more plus interest computed at the rate of 4% per annum on the decreasing balance of principal.

After consideration the Commission finds that: (1) the proposed note is for a proper purpose; (2) the money, property or labor to be procured or paid for by the issue of the note herein authorized is reasonably required for the purpose specified herein; and (3) such purpose is not, in whole or in part, reasonably chargeable to operating expenses or to income. On the basis of these findings we conclude that the application should be granted. A public hearing is not necessary.

O R D E R

IT IS ORDERED that:

1. Sterling Transit Company, Inc., on or after the effective date hereof and on or before June 30, 1969, for the purpose specified in this proceeding, may issue a note in the principal amount of not exceeding \$350,000, which note shall be in the same form, or in substantially the same form, as that attached to the application.

2. Sterling Transit Company, Inc. 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.

3. This order shall become effective when Sterling Transit Company, Inc. has paid the fee prescribed by Section 1904(b) of the Public Utilities Code, which fee is \$350.

Dated at San Francisco, California,
this 11th day of MARCH, 1969.

Augustin
President

Fred R. Moussey
William L. ...

Thomas Moran
Commissioners

Commissioner William Symons, Jr., being necessarily absent, did not participate in the disposition of this proceeding.

