

**ORIGINAL**

Decision No. 75466

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of )

B & L TRUCK & TRANSFER CO., )  
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. 50893  
Filed February 14, 1969

O P I N I O N

B & L Truck & Transfer Co. requests an order of the Commission authorizing it to issue (1) 1,000 shares of its common stock and 4,000 shares of its preferred stock in exchange for 1,000 shares of its outstanding common stock, and (2) 6,000 shares of its preferred stock as a stock dividend to its shareholders.

Applicant is a California corporation operating as a highway common carrier under the jurisdiction of this Commission in portions of southern California. 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 first 10 months of 1968 the carrier reports total operating revenues of \$390,794 and net income of \$13,065. The corporation's assets and liabilities as of October 31, 1968, as summarized from Exhibit B attached to the application, are as follows:

Assets

Current assets	\$ 60,610
Tangible assets less depreciation reserve	104,167
Intangible assets	3,403
Other assets	<u>20,102</u>
Total	<u>\$196,282</u>

Liabilities and Equity

Current liabilities	\$ 55,434
Other liabilities	10,429
Capital stock and surplus	<u>130,419</u>
Total	<u>\$196,282</u>

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 of the previously outstanding 500 shares of \$100 par value capital stock to become 2 shares of \$10 par value common stock.

The carrier proposes to amend its Articles of Incorporation further so as (a) to transfer 5,000 shares of its capital stock authorization from preferred stock to common stock, (b) to limit the cumulative and participating aspects to liquidation, dissolution or winding up of the corporation, (c) to enable holders of preferred stock to elect a majority of the directors in connection with a dividend payment default provision, (d) to convert and reconstitute each outstanding share of capital stock into one share of common stock and four shares of preferred stock, and (e) to include a dividend provision reading as follows:

"The board of directors may declare dividends at a rate not to exceed 7% per annum on the par value of the Preferred shares, payable at such times as the board of directors may determine.

"Dividends of 7% in any calendar year on Preferred shares are payable before any dividend in such calendar year shall be declared, paid or set apart for the Common shares."

The proposed exchange of 1,000 shares of common stock and 4,000 shares of preferred stock for the present 1,000 shares of common stock would result in \$50,000 aggregate par value of capital stock, being the same amount as existed prior to June 3, 1968.

Deducting the \$50,000 aggregate par value of capital stock from the October 31, 1968 balance of \$130,419 equity leaves \$80,419 earned surplus from which applicant proposes to declare a preferred stock dividend aggregating \$60,000 to be represented by 6,000 shares.

After consideration the Commission finds that:

1. The proposed stock issues 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.

On the basis of the foregoing 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. B & L Truck & Transfer Co., on or after the date hereof and on or before December 31, 1969, through amending its Articles of Incorporation, may issue 1,000 shares of its common stock and 4,000 shares of its preferred stock in exchange for 1,000 shares of its outstanding common stock, and may issue certificates representing the converted and reconstituted shares upon surrender to it of the outstanding certificates.

2. B & L Truck & Transfer Co., on or after the date hereof and on or before December 31, 1969, may issue and distribute not exceeding 6,000 shares of its \$10 par value preferred stock, at par, in the manner and for the purpose set forth in the application.

3. B & L Truck & Transfer Co. 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. Within thirty days after B & L Truck & Transfer Co. files with the Secretary of State the document amending its Articles of Incorporation as contemplated in this proceeding, applicant shall file with the Commission a certified copy thereof.

5. The effective date of this order is the date hereof.

Dated at San Francisco, California, this 25<sup>th</sup> day of MARCH, 1969.

William Lyons Jr.  
President  
Augusta  
William Lyons Jr.  
Thomas Lyons  
Commissioners

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