

Decision No. 76499

ORIGINAL

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of  
DELTA LINES, INC., a California  
corporation, for authority (1) to  
purchase the capital stock of  
CALIFORNIA MOTOR TRANSPORT CO., a  
California corporation, and CALIFORNIA  
MOTOR EXPRESS, LTD., a California  
corporation; (2) to assume obligations;  
and (3) to temporarily manage and  
control the two said corporations.

Application No. 49902  
(Filed December 26, 1967)

O P I N I O N

Delta Lines, Inc. (hereinafter referred to as Delta) requests authority to purchase all of the issued and outstanding stock of California Motor Transport Co. (hereinafter referred to as CMT) and California Motor Express, Ltd. (hereinafter referred to as CME). Delta also requests authority to assume the obligations of CMT and CME in the amount of \$1,515,880 and to guarantee the obligations of CMT and CME to City Transit Systems (hereinafter referred to as City) in the amount of \$1,500,000.

Delta and CMT are highway common carriers conducting operations between points within the state. CME is an express corporation and has operating authority coextensive territorially with that of CMT. CMT and CME are wholly owned subsidiaries of City. As the result of continuous operating losses experienced by CMT and CME, City has executed agreements whereby:

1. Illinois-California Express, Inc. (hereinafter referred to as ICE) would acquire all of the intrastate rights as a highway common carrier, and all of its interstate rights and certain of the assets of CMT including the goodwill of J. Christenson Co. Division. (Application No. 49900)

2. Delta would acquire through acquisition of the stock of CMT & CME the balance of the assets of CMT, subject to the liabilities, and the intra-state business and the assets of CME (except the real estate), subject to liabilities.

As of September 30, 1967, City had heretofore guaranteed equipment obligations of CMT and CME to the Bank of America National Trust and Savings Association in the amount of \$1,515,880. As of the same date CMT and CME were indebted to City and its affiliates for advances in the amount of \$1,314,650.

According to the purchase agreement Delta would pay \$220,292, subject to certain adjustments, for 3,250 shares of stock of CME and 303,390 shares of stock of CMT. This amount represents the net book value of the companies as of September 30, 1967.

As of October 31, 1967, Delta indicates a net worth in the amount of \$1,212,138.

At the present time Delta is managing the operations of CMT and CME pursuant to an interim authorization of the Interstate Commerce Commission pending final approval of said Commission.

After consideration the Commission finds that the proposed acquisition of stock and assumption and guarantee of indebtedness would not be adverse to the public interest. Because acquisition of control falls within the provisions of the Interstate Commerce Act, the action taken herein will be made subject to the final approval of the Interstate Commerce Commission. A public hearing is not necessary.

#### O R D E R

IT IS ORDERED that:

1. Upon the approval of the Interstate Commerce Commission, insofar as necessary, Delta Lines, Inc. may purchase and acquire the

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capital stock of California Motor Transport Co. and California Motor Express, Ltd. and may assume and guarantee the debt or obligations referred to in the application.

2. Within twenty days after issuance of a final order of the Interstate Commerce Commission granting appropriate acquisition of control authority, Delta Lines, Inc. shall file a copy thereof with this Commission, and within twenty days after acquiring the stock, Delta Lines, Inc. shall notify the Commission, in writing, of that fact.

The effective date of this order shall be twenty days after the date hereof.

Dated at San Francisco, California, this 2nd  
day of DECEMBER, 1969.

William J. Lyons, Jr.  
President

Arthur J. ...  
J. H. ...

...  
Vernon L. ...  
Commissioners