

ORIGINAL

Decision No. 77867

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application)
of)
))
BLUE & WHITE BUS COMPANY OF WATTS,)
INC., a California corporation,)
))
For an Order Authorizing Issuance)
of a Note and a Security Agreement)
in connection therewith, and for a)
Permit to Issue and Sell Capital)
Stock and for a Permit to Issue a)
Warrant for Capital Stock.)

Application No. 52218
Filed October 1, 1970

O P I N I O N

Blue & White Bus Company of Watts, Inc. seeks an order of the Commission authorizing it to execute and deliver a Loan and Security Agreement, to issue notes in the aggregate principal amount of \$100,000, and to issue and sell 2,400 shares of its \$10 par value capital stock.

Applicant is a California corporation operating as a passenger stage corporation primarily in the Southern Central Area of Los Angeles. For the year 1969 it reports operating revenues and a net loss of \$465,446 and \$15,012, respectively. According to Exhibit No. 1, attached to the application, the company's reported assets and liabilities at July 31, 1970, are as follows:

Assets

Current assets	\$ 20,366
Tangible property less accumulated depreciation	160,264
Intangible property	1,501
Deferred debits	<u>46,872</u>
Total	<u>\$229,003</u>

Liabilities

Current liabilities	\$ 61,249
Non-current debt	201,957
Capital stock	1,000
Deficit	<u>(35,203)</u>
Total	<u>\$229,003</u>

The carrier proposes to borrow \$100,000 pursuant to provisions of a Loan and Security Agreement dated as of August 31, 1970 with Chase Manhattan Capital Corporation, a Federal Licensee under the Small Business Investment Act of 1958. The borrowing is to be evidenced by notes maturing August 31, 1980, and bearing interest payable monthly at the rate of 10% per annum on the unpaid principal, the latter to be repaid in quarterly installments of \$5,000 commencing November 30, 1975. The \$100,000 proceeds are to be applied in the amounts of (a) \$45,000 toward retiring the indebtedness authorized by Decision No. 73957, dated April 9, 1968, in Application No. 50092, and having a reported outstanding balance of \$145,000 as of the date of said agreement, (b) \$15,000 for repaying a \$35,000 indebtedness incurred for equipment, (c) \$10,000 for retiring a demand loan for working capital, and (d) \$30,000 for additional working capital.

In addition, the carrier proposes to issue to the lender a warrant, or warrants, to purchase (subject to dilution adjustments) 250 shares of its common stock at a price of \$21.10 per

share payable in lawful money of the United States of America or by surrender, in whole or in part, of one or more of the notes to be issued pursuant to said Loan and Security Agreement, or partially in such money to be used for working capital and partially by surrender of such notes. Said price of \$21.10 per share represents the agreed "sound book value" within the meaning of the Small Business Investment Act of 1958, as amended.

In exchange for 2,150 shares of its \$10 par value common stock applicant proposes to cancel the \$160,000 note authorized by said Decision No. 73957, and to credit to paid in surplus the difference between the amount of principal owing on the note when cancelled and the aggregate par value of said stock.

After consideration the Commission finds that: (1) the proposed stock and note issues are for proper purposes; (2) the money, property or labor to be procured or paid for by the issue of the stock and notes herein authorized is reasonably required for the purposes specified herein; and (3) such purposes are 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.

The authorization herein granted is for the purpose of this proceeding only, and is not to be construed as an approval of applicant's bookkeeping and accounting procedures nor as indicative of amounts to be included in proceedings for the determination of just and reasonable rates.

O R D E R

IT IS ORDERED that:

1. Blue & White Bus Company of Watts, Inc. may execute and deliver a Loan and Security Agreement, and pursuant thereto may issue notes in the aggregate principal amount of not exceeding \$100,000 for the purposes specified in this proceeding. The agreement and notes shall be in the same form, or in substantially the same form, as those attached to the application.

2. Blue & White Bus Company of Watts, Inc., for the purposes specified in this proceeding, may issue and sell not exceeding 2,400 shares of its \$10 par value capital stock, of which not exceeding 250 shares shall be in accordance with a warrant in the same form, or in substantially the same form, as that attached to the application. Dilution provisions of such warrant, however, may increase the number of shares herein authorized.

3. Blue & White Bus Company of Watts, 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.

4. This order shall become effective when Blue & White Bus Company of Watts, Inc. has paid the fees prescribed by Sections 1904(b) and 1904.1 of the Public Utilities Code, which fees are \$110 and \$50, respectively, amounting to a total of \$160.

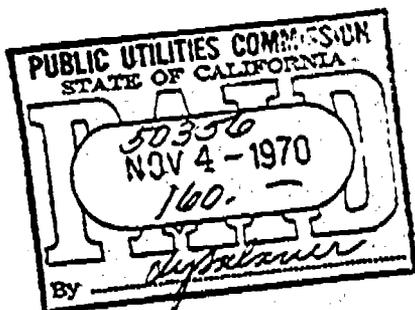
Dated at San Francisco, California, this 27th day of OCTOBER, 1970.

[Signature]
Chairman

[Signature]

[Signature]

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Commissioners



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