

ORIGINAL

Decision No. 79029

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application)
of)
))
STERLING TRANSIT COMPANY, INC.,)
))
a California 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. 52780
Filed July 28, 1971

O P I N I O N

Sterling Transit Company, Inc. seeks an order of the Commission authorizing it to issue a promissory note in the principal amount of \$275,000.

Applicant is a California corporation operating as a highway common carrier under the jurisdiction of this Commission in various portions of the State. Operations are also conducted under permits issued by this Commission and under Interstate Commerce Commission authority. The carrier's balance sheet as of May 31, 1971, is summarized from Exhibit B, attached to the application, as follows:

Assets

Current assets	\$ 831,464
Net tangible property	1,752,663
Other assets	<u>13,992</u>
Total	<u>\$2,598,119</u>

Liabilities

Current liabilities	\$ 420,381
Long-term debt, including current portion	727,421
Common stock equity	1,336,869
Other liabilities	<u>113,448</u>
Total	<u>\$2,598,119</u>

The company proposes to reacquire from one of its shareholders, and subsequently retire, 964 of its outstanding 2,500 shares of capital stock for \$475,000 cash, which is less than the book value of the 964 shares. In order to finance, in part, the reacquisition, applicant proposes to borrow \$275,000 from Bank of America National Trust and Savings Association, which borrowing would be evidenced by an 8% promissory note repayable in not more than 120 monthly installments.

After consideration the Commission finds that: (1) the proposed note issue 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 the foregoing findings we conclude that the application should be granted. A public hearing is not necessary.

O R D E R

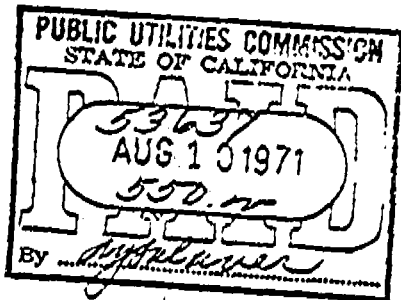
IT IS ORDERED that:

1. Sterling Transit Company, Inc., on or after the effective date hereof and on or before December 31, 1971, for the purpose specified in this proceeding, may issue a note in the principal amount of not exceeding \$275,000 in substantially the same form as Exhibit A attached to the application.

2. Sterling Transit Company, Inc. shall file with the Commission a report 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 \$550.

Dated at San Francisco, California,
this 10th day of AUGUST, 1971.



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Chairman
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Commissioners