

Decision No. 80422

ORIGINAL

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application )  
of )

DELTA CALIFORNIA INDUSTRIES )  
and DELTA LINES, INC. )

for an order authorizing Delta )  
California Industries to acquire )  
control of Delta Lines, Inc. and )  
its subsidiaries by issuance of )  
Common Stock of Delta California )  
Industries in exchange for all )  
of the outstanding capital stock )  
of Delta Lines, Inc. )

Application No. 53517  
(Filed August 10, 1972)

O P I N I O N

As required by Section 854 of the California Public Utilities Code, Delta California Industries seeks an order of the Commission authorizing it to acquire control of Delta Lines, Inc. and subsidiaries thereof.

Delta California Industries is a California corporation incorporated on May 16, 1972. It proposes to issue 1,182,758 shares of 50¢ par value common stock in exchange for all of the issued and outstanding capital stock of Delta Lines, Inc. and Delta Terminals, Inc. As a result of such transaction, Delta California Industries would control (a) Delta Lines, Inc. and the latter's three subsidiaries, California Motor Transport Co., California Motor Express, Ltd., and Delta Express, Inc., and (b) Delta Terminals, Inc. and its subsidiary, Delta Industries, Inc.

Delta Lines, Inc. is a California corporation operating as a public utility under the jurisdiction of this Commission as a highway common carrier and a warehouseman, and also operates under the jurisdiction of the Interstate Commerce Commission. Its three subsidiaries are California corporations performing public utility operations as common carriers subject to this Commission's jurisdiction. According to the application, Delta Terminals, Inc. and Delta Industries, Inc. are California corporations not engaged in public utility operations. For the six corporations Exhibit C, attached to the application, shows 1971 combined operating revenues and net income amounting to \$54,870,970 and \$1,462,760, respectively.

The application states the principal reason for the proposed transaction as being the desire of management of Delta Lines, Inc. to consolidate affiliated operations in order to facilitate borrowing for operational purposes and to create an entity which would be in a position to offer its stock to the public, thereby increasing the equity capital of the combined operations and permitting the present shareholders to diversify their investments for estate-planning and other purposes. It appears that the proposed transaction would create an increased borrowing capacity which should result in a significant reduction in interest expense.

Effective March 4, 1972, Section 854 became a part of the California Public Utilities Code, and reads as follows:

"No person or corporation, whether or not organized under the laws of this State, shall, after the effective date of this section, acquire or control either directly or indirectly any public utility organized

and doing business in this State without first securing authorization to do so from the commission. Any such acquisition or control without such prior authorization shall be void and of no effect. No public utility organized and doing business under the laws of this State shall aid or abet any violation of this section."

After consideration the Commission finds that the proposed acquisition of control would not be adverse to the public interest and concludes that it should be authorized. A public hearing is not necessary. The action taken herein shall not be construed as a finding of the value of any stock of Delta Lines, Inc., or of any subsidiary thereof.

O R D E R

IT IS ORDERED that Delta California Industries, on or after the date hereof and on or before December 31, 1972, may acquire control of Delta Lines, Inc., California Motor Transport Co., California Motor Express, Ltd., and Delta Express, Inc.

The effective date of this order is the date hereof.

Dated at San Francisco, California, this 29th  
day of AUGUST, 1972.

Vernon L. Stinson  
President  
William J. Snyders  
William J. Snyders  
John W. Snyders  
John W. Snyders  
Commissioners