

Decision S2 10 088 OCT 6 1982

ORIGINAL

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application )  
of KIDD'S COMMUNICATIONS, INC., a )  
California corporation, for authori- )  
zation pursuant to Public Utilities )  
Code Section 822 to reclassify, )  
issue, sell and exchange existing )  
capital stock for two classes of new )  
common stock pursuant to a plan of )  
reorganization. )

Application 82-08-23  
(Filed August 11, 1982)

O P I N I O N

Kidd's Communications, Inc. (Kidd's) requests authority under its proposed plan of reorganization to reclassify, issue, sell, and exchange its 3,000 shares of issued and outstanding \$10 par value capital stock into 57,000 shares of Class A common stock and 3,000 shares of Class B common stock, a total of 60,000 shares of no par value capital stock.

Kidd's requests this authority under Public Utilities Code Section 822. Notice of the filing of the application appeared on the Commission's Daily Calendar of August 13, 1982. No protests have been received.

Kidd's, a California corporation, provides radiotelephone utility service in and around Bakersfield, California.

Kidd's generated total operating revenues of \$1,236,693 and net income of \$178,048 for the calendar year 1981, according to its annual report to the Commission. Kidd's balance sheet as of December 31, 1981 is summarized as follows:

<u>Assets</u>	<u>Amount</u>
Net Plant Investment	\$681,300
Other Physical Property	50,000
Current Assets, Deferred Charges	<u>232,720</u>
Total	\$964,020
<u>Liabilities and Equity</u>	
Common Equity	\$861,667
Current Liabilities	<u>102,353</u>
Total	\$964,020

The application states that Bessie V. Kidd currently owns 1,650 or 55% of the 3,000 issued and outstanding shares of capital stock. Her daughter, Ruth M. Gillam, owns the remaining 1,350 or 45% of the outstanding shares of stock. Ruth M. Gillam is a full-time employee and vice president-treasurer of Kidd's. George S. Gillam, Ruth's husband is a fulltime employee and is executive vice president of Kidd's.

The application also states that Bessie V. Kidd is president of the corporation and is chairperson of the board of directors. She is actively in charge of the operations on a day-to-day basis. Although she is presently vigorous and healthy, Bessie V. Kidd wishes to consider transfer of a portion of her

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equity in the company, without loss of control, to company employees and other members of the family who also are active in the business. Inasmuch as her margin of control is less than five percent, it would permit her to transfer less than 150 shares without loss of control.

The purpose of the proposed plan of reorganization is to reorganize and adjust the capital structure of the corporation in such a manner as to increase the number of shares available for distribution. The proposed capital structure would permit Bessie V. Kidd to more easily work out in the future a method of transferring a substantial number of shares in the corporation to younger persons, without relinquishing control.

The proposed plan of reorganization is in the public interest in that it will encourage a transfer of ownership in the business to employees who are likely to continue as employees for a long term into the future.

Bessie V. Kidd would realize the following advantages by the proposed stock reclassification and exchange:

1. Shares could be transferred to younger persons during her active life, without relinquishing control.
2. She would have more leeway in her estate planning. It would permit a continuation of control of the business in her family after her death.

Kidd's proposes to call in and cancel all 3,000 outstanding shares of \$10 par value capital stock. In exchange for these shares, 57,000 shares of Common Stock Class A (19 for 1 split) and 3,000 shares of Common Stock Class B would be issued to present shareholders. The proposed stock split and stock issue would increase the total number of shares outstanding to 60,000 shares.

The Class A shares would have the following characteristics:

1. Each share would have one vote per share.
2. Each share would have rights to dividends as declared.
3. On liquidation, each share is entitled to receive \$25 before distribution to Class B shares.
4. Each share will be subject to redemption at any time by Kidd's for \$25 per share.

The Class B shares would have the following characteristics:

1. Each share would have one vote per share.
2. Each share would be entitled to dividends as declared.
3. On liquidation each share would be entitled to remaining net assets after payment of \$25 per share to Class A shareholders.

The proposed stock split and stock issue would be accomplished by collecting and canceling all outstanding common share certificates and reissuing certificates stating the greater number of Class A shares and the new Class B shares held by the stockholders as a result of the reorganization.

By letter dated August 24, 1982, Kidd's attorney reports that the balance sheet before and after the proposed reorganization would differ only in the number of shares outstanding. Kidd's does not request nor expect the Commission to allow, based on the reorganization, a change in recorded rate base, to take into its accounts a value ascribed to goodwill, or to make a finding in this proceeding of the value of its stock.

The Revenue Requirements Division and the Communications Division have reviewed the proposed transactions and conclude that the authority requested is reasonable and not adverse to the public interest.

Findings of Fact

1. Kidd's is a California corporation and a radiotelephone utility subject to the jurisdiction of this Commission.
2. The proposed reorganization, stock split, and issuance of the new classes of common stock would not be adverse to the public interest and would be for proper purposes.
3. The money, property, or labor to be procured or paid for by the issuance of the shares of stock authorized is reasonably required for the purposes specified. Any proceeds from the issuance of the securities may not be charged to operating expenses or to income.
4. There is no known opposition and no reason to delay granting the authority requested.

Conclusions of Law

1. A public hearing is not necessary.
2. The application should be granted to the extent set forth in the order which follows.

The authority granted by this decision is for the purpose of this proceeding only, and is not to be construed as indicative of amounts to be included in proceedings for the determination of just and reasonable rates.

The following order should be effective on the date of signature to enable Kidd's to execute its plan of reorganization expeditiously.

O R D E R

IT IS ORDERED that:

1. Kidd's Communications, Inc. (Kidd's), on or after the effective date of this order and on or before June 30, 1983, may reclassify, issue, sell, and exchange 3,000 shares of its \$10 par value capital stock outstanding into 57,000 shares of its Class A common stock and 3,000 shares of its Class B common stock, as requested in the application and for the purposes and under the terms and conditions set forth in the application.
2. Kidd's shall file the reports required by General Order Series 24.

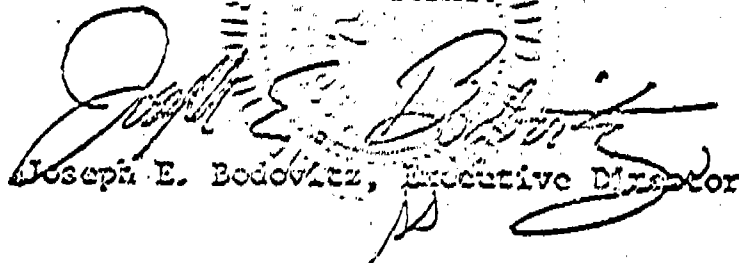
3. Within 90 days after the reorganization occurs, Kidd's shall notify this Commission in writing of the date upon which the reorganization was consummated.

This order is effective today.

Dated OCT 6 1982, at San Francisco, California.

JOHN E. BRYSON  
President  
RICHARD D. GRAVELLE  
LEONARD M. CRIMES, JR.  
VICTOR CALVO  
PRISCILLA C. GREW  
Commissioners

I CERTIFY THAT THIS DECISION  
WAS APPROVED BY THE ABOVE  
COMMISSIONERS TODAY.

  
Joseph E. Bodovitz, Executive Director