

Decision 83 10 058

OCT 19 1983

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BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application)
of California Cartage Company,)
Inc., a California corporation,)
for consent to exchange)
securities.)

Application 83-07-54
(Filed July 27, 1983)

O P I N I O N

California Cartage Company, Inc., (Cal-Cartage), requests authority, under Public Utilities (PU) Code Sections 816 through 818, to exchange all of its currently issued and outstanding common stock, on a one for one basis, for either of two new classes, Class A and Class B, with its present shareholders, in the proportion, number, and classes as set forth in Exhibit F attached to the application.

Summary of Decision

This decision grants Cal-Cartage the authority it requested in its application.

Notice of the filing of the application appeared on the Commission's Daily Calendar of July 29, 1983. No protests have been received.

Cal-Cartage, a California corporation, operates as a highway common carrier of general commodities in intrastate and interstate commerce under certificates and permits issued by the Interstate Commerce Commission and by the Commission in File T-7487.

Cal-Cartage's financial statements, attached to the application as Exhibit B, indicate that for the year 1982, Cal-Cartage generated total operating revenues of \$29,907,827 and a net income of \$1,486,687. The Balance Sheet as of December 31, 1982 is summarized as follows:

<u>Assets</u>	<u>Amount</u>
Net Operating Equipment & Land	\$ 5,947,521
Notes Receivable	795,233
Investments	393,574
Current Assets	10,761,641
Total	<u>\$17,897,969</u>
<u>Liabilities and Common Equity</u>	
Common Equity	\$14,284,026
Long-Term Debt	81,770
Current Liabilities	3,532,173
Total	<u>\$17,897,969</u>

Cal-Cartage has issued and outstanding 116,900 shares of common capital stock. It is held in disproportionate amounts by twenty-eight shareholders consisting of individuals and trusts.

The company proposes to exchange, on a one-for-one basis, all the currently issued and outstanding common capital stock for two classes of common capital stock to consist of 88,240.33 shares of Class A common capital stock, and 28,659.67 shares of Class B common capital stock.

The purpose of the restructuring is to resolve and satisfy a dispute by the beneficiary of one of the testamentary trusts and three minority shareholders. The minority shareholders disagree with the views of the majority of shareholders and the management of the company with respect to the income-producing capability of the existing outstanding common capital stock. The restructuring will eliminate discord among the shareholders by creating a class of stock (Class B) entitled to preference on dividends in exchange for relinquishment by the Class B shareholders of their voting rights in connection with the management of the corporation. Cal-Cartage alleges that this restructuring will not affect the carrier's ability to provide service to the public and does not constitute a change in the management or control of the utility. Further, Cal-Cartage alleges that neither the indebtedness nor the capitalization of the company will be readjusted or exchanged as a result of this transaction.

The application states that the Class B common capital stock will be preferred in that it will be entitled to an annual cumulative dividend of \$2.10 payable quarterly. If any quarterly dividend is not paid when due, it will remain an obligation of the corporation to the extent that such unpaid cumulative dividends must be paid before dividends may be declared and paid on the Class A common capital stock. Any dividends unpaid at the time of liquidation of the corporation shall be paid to the holders of the Class B common capital stock prior to any distribution to holders of common capital stock in the corporation. In the event the Class A common capital stock received a dividend in any single calendar year in excess of \$2.10, the Class B dividend for that calendar year shall be increased by the amount of which the aforesaid dividend paid to Class A common capital stock exceeds \$2.10.

The Class B common capital stock will be non-voting stock; provided, however, voting rights shall be restored if four consecutive quarterly or any eight quarterly payments of dividends are not paid when due.

The Transportation Division and the Revenue Requirements Division have reviewed the application and conclude that Cal-Cartage's request is reasonable and should be granted.

Findings of Fact

1. Cal-Cartage is a California corporation and both a certificated and permitted highway carrier subject to the jurisdiction of this Commission.

2. Cal-Cartage's proposed issue of Class A and B common capital stock in exchange for all of the issued and outstanding common stock is for proper purposes and not adverse to the public interest.

3. There is no known opposition to this proceeding 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.

In issuing our order, we place Cal-Cartage and its shareholders on notice that we do not regard the number of shares outstanding or the dividends paid, as measuring the return it should be allowed to earn on its investment. This authorization is not a finding of the value of Cal-Cartage's stock or properties nor indicative of amounts to be included in ratesetting proceedings.

The following order should be effective on the date of signature to enable Cal-Cartage to exchange its common capital stock expeditiously.

O R D E R

1. California Cartage Company, Inc. (Cal-Cartage), on or after the effective date of this order and on or before June 30, 1984, for the purposes specified in the application, may exchange on a one-for-one basis, 116,900 shares of the currently issued and outstanding common capital stock for new issues of Class A and B common capital stock in the proportion and by the classes as set forth in Appendix A, attached to the application.

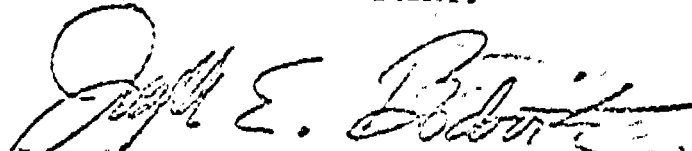
2. Cal-Cartage shall file the reports required by General Order Series 24.

This order is effective today.

Dated OCT 19 1985, at San Francisco, California.

LEONARD M. GRIMES, JR.
President
VICTOR CALVO
PRISCILLA C. GREY
DONALD VIAL
WILLIAM C. BAGLEY
Commissioners

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


Joseph E. Bodovitz, Executive Director