ES

Decision No. 12552.

ORIGINAL

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of SIERRA TRANSIT COMPANY, a corporation, to issue stock, and the application of C.R. SPICKARD and C.J. McFALL, doing business under the fictitious name and style of SACRAMENTO-AUBURN-NEVADA CITY STAGE COMPANY, to transfer and SIERRA TRANSIT COMPANY to acquire operative rights and other properties.	)	Application Number 9224.

Harry A. Encell, for Applicant.

SEAVEY, Commissioner.

OPINION.

In this application the Railroad Commission is asked to make an order authorizing C.R. SPICKARD and C.J. McFALL to transfer their operative rights and properties to SIERRA TRANSIT COMPANY, and SIERRA TRANSIT COMPANY to acquire such properties and in payment therefor to issue $75,000.00 of its capital stock.

The record shows that C.R. Spickard and C.J. McFall, doing business under the firm name and style of Sacramento-Auburn-Nevada City Stage Company, are engaged in operating auto stages for the transportation of passengers and express between Sacramento and Nevada City and intermediate points, operating under certificates of public convenience and necessity granted by the Commission by Decision No. 7747, dated June 19, 1920, in Application No. 5298; Decision No. 7795, dated June 24, 1920, in Application No. 5162, and Decision No. 10750, dated July 21, 1922, in Application No. 7659. The revenues of this business for the year 1922 are reported as $46,103.52,

164

operating expenses as $41,201.74 and net profit for the year as $4,901.78. For the three months ended March 31, 1923, revenues are reported as $13,490.10, expenses as $9,548.60 and net profit for the period as $3,941.50.

Believing that the business can be operated more efficiently by a corporation than by a co-partnership, C.R. Spickard and C.J. McFall have caused the incorporation of the Sierra Transit Company for the purpose of acquiring and operating their properties and business. The Articles of Incorporation of the Sierra Transit Company, which are on file in this proceeding, show that it was organized on or about April 2, 1923, with an authorized capital stock of $75,000, divided into 750 shares of the par value of $100. each, all shares being common. It is proposed to deliver the entire authorized amount of stock to the co-partners in payment for their operative rights and all of their properties, both tangible and intangible, used in the conduct of the auto stage business. However, four of such shares will be transferred to directors for qualifying purposes.

The following balance sheet, which is as of August 15, 1923, shows the properties to be transferred as follows:

ASSETS:		
Cash on Hand	$1,242.91	
Cash in Bank	5,710.26	
Tools and Supplies	750.00	
Office Equipment	331.35	
Office Supplies and Tickets	150.00	
Prepaid Insurance	389.39	
Prepaid Life Insurance (on Partners)	1,500.00	
Guarantee on Lease	1,428.57	
Motor Carrier Terminals Stock	300.00	
Interest Receivable	54.02	
Notes Receivable	3,010.00	
Operative Rights (Actual Cost) between Auburn and Nevada City	950.00	
Two Memberships in Star Auto Ass'n. exchange for Operative Rights between Sacramento & Auburn.	1,428.56	
Value of Stages -Original Cost:		
#3 - 20 pass. White - 1922	8,000.00	
#4 - 24 " " - 1922	9,500.00	
#5 - 30 " " - 1922	10,000.00	
#6 - 11 " Dodge - Graham - 1923	3,500.00	
#7 - 30 " White - 1923	10,500.00	
7 " Dodge - 1920	1,650.00	
7 " Dodge - 1923	1,575.00	
5 " Dodge (Business Sedan)	1,550.00	
#8 - 30 " White -under construction	10,500.00	$74,020.06
LIABILITIES:		
N O N E (Proprietors' Accounts -Net Worth)		$74,020.06

It appears that no payments have been made on the car under construction. Inasmuch as no liabilities are reported, it is assumed that the partnership will pay for such car. The order will provide that all of the above assets be transferred to the corporation free and clear of all incumbrances and that the corporation assume no indebtedness due on any of the equipment.

The testimony of C.R. Spickard shows that the values appearing in the foregoing balance sheet reflect the original cost of the auto stages. His testimony further shows that all of the cash and current assets will be transferred to the corporation in addition to the physical property. It is of record that the copartners at present each own a one-half interest in the business. It is their intention to issue the stock herein applied for to themselves in the same proportion. There will be no change in the management or operation of the business as a result of this proposed transfer.

I believe that the application should be granted as herein provided and herewith submit the following form of Order:

O R D E R.

Application having been made to the Railroad Commission for an order authorizing the transfer of operative rights and properties and the issue of stock, a public hearing having been held and the Railroad Commission being of the opinion that the application should be granted as herein provided;

IT IS HEREBY ORDERED, that C.R. Spickard and C.J. McFall, doing business under the firm name and style of the SACRAMENTO-AUBURN-NEVADA CITY STAGE COMPANY, be, and they are hereby, authorized to transfer their operative rights and properties referred to in the foregoing opinion and in this application to SIERRA TRANSIT COMPANY, a corporation, and SIERRA TRANSIT COMPANY, a corporation, be, and it is hereby, authorized to acquire such properties and in full payment therefor to issue $75,000.00 of its common capital stock.

The authority herein granted is subject to the following conditions:

(1).....C.R. Spickard and C.J. McFall shall cancel immediately all time schedules, tariffs, rates and classifications at present on file with the Railroad Commission, and Sierra Transit Company shall file immediately new time schedules, tariffs, rates and classifications, or adopt as its own the time schedules, tariffs, rates and classifications heretofore filed with this Commission by C.R. Spickard and C.J. McFall, all such new time schedules, tariffs, rates and classifications to be identical with those heretofore filed with this Commission, such cancellation and filing to be in accordance with the provisions of General Order No. 51 and other regulations of the Railroad Commission.

(2).....The rights and privileges, the transfer of which are herewith authorized, may not again be transferred, assigned, leased, sold or hypothecated, or operations thereunder discontinued, unless the written consent of the Railroad Commission to such transfer, assignment, lease, sale, hypothecation or discontinuance shall have first been secured.

(3).....No vehicle may be operated by Sierra Transit Company under the authority contained in this decision unless such vehicle is owned by said company or leased by it

167

under a contract or agreement on a basis satisfactory to the Railroad Commission.

(4).....The price at which Sierra Transit Company is herein authorized to acquire properties shall never be urged before this Commission, or other court or public body having jurisdiction, as a measure of value of said properties, for the purpose of fixing rates, or for any purpose other than the transfer herein authorized.

(5).....The transfer of the operative rights herein authorized and the required cancellations and filing of tariffs and schedules shall be made not later than sixty days from the date of the order in this proceeding, unless the time for effecting the authorized transfer and the cancellation and filing of tariffs, shall be extended by the further order of this Commission.

(6)....The properties herein authorized to be transferred, shall be transferred to Sierra Transit Company free and clear of all encumbrances, and no payments that may become due on any equipment referred to in the foregoing opinion, shall be assumed by said company.

(7).....Within thirty days after the issue and delivery of the stock herein authorized, Sierra Transit Company shall file with the Railroad Commission a verified report as required by the Railroad Commission's General Order No. 24, which order, in so far as applicable, is made a part of this order.

(8).....The authority herein granted to transfer rights and properties and to issue stock will become effective upon the date hereof and will contimue in force for a period of sixty days after the date of this Order.

The foregoing Opinion and Order are hereby approved and ordered filed as the Opinion and Order of the Railroad Commission of the State of California.

Dated at San Francisco, California, this 27th day of August, 1923.

C. L. Seavey

H. W. Brundige

Egerton Shore

Jno. F. Whitley

Commissioners.

169