

Decision No. 12869

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of
W.M.Sanford, Wert Irwin and J.M.Maurer,
co-partners, doing business under the
fictitious name and style of Shasta Transit
Company, and the Shasta Transit Company, a
corporation, for an order (1) Authorizing
Applicant, Shasta Transit Company, a corpor-
ation, to carry local passengers between
Red Bluff and Redding; (2) Authorizing
W.M.Sanford, Wert Irwin and J.M.Maurer, a
copartnership, doing business under the
fictitious name of Shasta Transit Company,
to sell the operative rights, equipment and
properties to the Shasta Transit Company, a
corporation; (3) Authorizing the Shasta
Transit Company, a corporation, to issue
stock therefor, and (4) authorizing Shasta
Transit Company, a corporation, to issue and
sell One Hundred Shares of its Capital Stock
at par.

ORIGINAL

APPLICATION NO.9319

Harry A. Excell, for Applicant.
Dunn & Brand, by Chauncey E. Dunn, Jr., for
M. Bernardo, Protestant.
C. E. Spear, for Southern Pacific Company, Protestant.

BY THE COMMISSION:

O P I N I O N

This application, filed August 15, 1923, on behalf of
the Shasta Transit Company, a copartnership, and the Shasta Transit
Company, a corporation, seeks from this Commission:

- (a)- A certificate of public convenience and nec-
essity on behalf of the Shasta Transit Com-
pany, a corporation, to carry local passengers
between Red Bluff and Redding on its automo-
bile stage line.

- (b)- An authorization for W.M.Sanford, Wert Irwin and J.M.Maurer, a copartnership, doing business under the fictitious name of Shasta Transit Company, to sell their operative rights, equipment and properties in the Shasta Transit Company, a copartnership, to the Shasta Transit Company, a corporation.
- (c)- A certificate authorizing the Shasta Transit Company, a corporation, to issue four hundred (400) shares of its capital stock, having a par value of One Hundred Dollars (\$100.00) per share in payment for properties.
- (d)- To issue and sell one hundred (100) shares, at par, of the capital stock of the Shasta Transit Company, a corporation.

A hearing was held on the application before Examiner Geary at Sacramento September 14, 1923 and the matter having been duly submitted is now ready for an opinion and order. At the hearing the application was amended withdrawing the request to sell 100 shares of the capital stock. The company since has requested the Commission to authorize it to issue four (4) shares of stock to its directors for qualifying purposes.

**CERTIFICATE OF PUBLIC CONVENIENCE
AND NECESSITY FOR PASSENGER SERVICE
BETWEEN RED BLUFF AND REDDING.**

The operative rights held by the applicants to transfer were granted March 5, 1921 in Application No. 6391, Decision No. 8713, to W.M.Sanford, J.M.Maurer, F.Gouvernor and Wert Irwin, a copartnership. The certificate of public convenience and necessity authorized the operation of an automobile stage line as a common carrier of passengers between Sacramento and Redding via Davis, Woodland, Williams, Corning, Red Bluff and intermediate points, with a provision that no local passengers would be carried between Sacramento-Woodland and between Red Bluff-Redding.

Under date July 8, 1922, Application No. 7527, Decision No. 10680, Frank Gouvernor was authorized to sell his interest in the copartnership to the three remaining partners, J. M. Maurer.

Wert Irwin and W.M.Sanford, who are still the owners of the property and are making this application for authority to transfer their interests to the Shasta Transit Company, a corporation.

A complete outline of the organization of this service is contained in our decision in Applications Nos. 6391, 7367, 7527 and 9276, therefore will not be repeated in any extensive detail in this proceeding. It is sufficient, however, to refer to the fact that in Application No. 9276 M. Bernardo sought authority to operate a stage between Chico and Redding, which service would be a duplication, between Red Bluff and Redding, of the services herein sought to be conducted by the applicant in the instant proceeding. In Application No. 9276 we authorized M. Bernardo to operate a stage between Red Bluff and Chico only, based upon the fact that Bernardo had purchased a supposed right between those two points from a party named O. Patton, this latter party having operated under a transfer of rights purchased by the Shasta Transit Company, a copartnership, from the original operators, C.F. Crews and F.T. Morse, which transfer, however, was not authorized by this Commission.

The Shasta Transit Company, a corporation, was incorporated July 30, 1923 in and by virtue of the laws of the State of California. The directors of the corporation are Geo. H. Woods, W. M. Sanford, Wert Irwin and M. E. Shaves, each holding one share of stock, with a par value of \$100.00.

Auto stages have been in operation between Red Bluff and Redding since April, 1920. In the first instance the service was rendered by Crews and Morse under the fictitious name of the Chico-Redding Auto Stage Company, which organization transferred its rights to the Shasta Transit Company, a co-partnership. The Shasta Transit Company, without having secured authority from this Commission, turned over a part of these operative rights, that part between Red Bluff and Chico, to one of its partners, J.M. Maurer;

Maurer sold to O. Patton, who in turn transferred to Crews and Bernardo; Crews and Bernardo dissolved partnership, leaving control of this route between Red Bluff and Chico with M. Bernardo.

Through all of these transfers the Shasta Transit Company, a copartnership, retained possession of the line between Red Bluff and Redding, and after the retirement of Crews and Morss (Chico-Redding Auto Stage Company), operated the service until such service was discontinued upon request of this Commission.

A number of witnesses testified to the effect that the Shasta Transit Company had rendered satisfactory service between Red Bluff and Redding; that there is a positive public convenience and necessity for an automobile passenger service between these points; that the public highway is, at many points, a substantial distance from the railroad stations; also that the train schedules are not sufficient to meet the local requirements or demands of the growing district.

Exhibits were filed showing train schedules, the number of passengers carried, etc. The granting of a certificate to the Shasta Transit Company would not be establishing any new service, but would simply make legal the operating rights secured by purchase from Crews and Morss.

We believe the equities in this situation clearly show that the Transit Company should be authorized to operate between Red Bluff and Redding and should cooperate with M. Bernardo, holding the right to operate between Red Bluff and Chico.

After giving consideration to all of the testimony and exhibits, we are of the opinion and find that there is a public convenience and necessity for the operation of an automobile stage line by the Shasta Transit Company, a corporation, between Red Bluff and Redding, and that a certificate should issue.

AUTHORIZATION TO SELL AND TRANSFER

It is proposed under the present proceeding to consolidate all of the claimed operating rights and all of the property now owned or held by the copartnership of W. M. Sanford, Wert Irwin and J. M. Maurer, doing business under the fictitious name of the Shasta Transit Company to the Shasta Transit Company, a corporation. The corporation, as heretofore stated, was incorporated July 30, 1923 under the laws of the State of California.

The physical properties to be transferred, including \$5000.00 for intangibles, have a claimed value of \$44718.00, as per Exhibit No.4, and an appraised inventoried value, without the intangibles, of \$40250.00, as shown by Exhibit No.5. The details of these property values will be fully explained in that part of this decision dealing with the issuing of stock of the new corporation.

No opposition to the proposed transfer developed at the hearing.

Upon the facts as presented, we are of the opinion that authority should be granted to W.M.Sanford, Wert Irwin, and J.M.Maurer, a copartnership under the name of the Shasta Transit Company, to transfer its operative rights and its property to the Shasta Transit Company, a corporation.

AUTHORIZATION OF THE SHASTA TRANSIT COMPANY,
A CORPORATION, TO SELL CAPITAL STOCK

The articles of Incorporation of Shasta Transit Company show it was organized with an authorized capital stock of \$100,000., divided into 1000 shares of the par value of \$100. each. The corporation now asks permission to issue and sell four shares of stock to its directors for qualifying purposes, also to issue and deliver 400 shares, of the aggregate par value of \$40,000., in payment for the properties, rights and business of Shasta Transit Company, a copartnership.

The assets and liabilities of the copartnership as of September 13, 1923 are reported as follows:

ASSETS

Equipment - - - - -	\$	48,500.00
Furniture and Fixtures - - - - -		1,700.00
Cash on hand - - - - -		2,073.51
Notes receivable - - - - -		1,600.00
Accounts receivable - - - - -		2,688.57
Stock of other corporations - - - - -		100.00
Prepaid insurance and taxes - - - - -		555.76
Intangible - - - - -		3,000.00
Total Assets - - -		\$ 60,217.84

LIABILITIES

Notes payable - - - - -	\$	6,949.42
Car contracts - - - - -		8,482.00
Accounts payable - - - - -		2,847.04
Total Liabilities - - -		\$ 18,278.46

Net Worth - - - - - 41,939.38

TOTAL LIABILITIES AND NET WORTH - \$ 60,217.84

\$48,000. represents the present value of the equipment as estimated by officers of applicant and not the cost of such equipment. The original cost of the equipment is reported at \$41,300.,

while the depreciation writton off is reported at \$11,900., leaving a net cost of \$29,400. as compared with an estimated present value of \$48,500. We have considered the reported present value of the equipment, but do not believe that such value, irrespective of the cost of the equipment, should be used as a basis for an order authorizing the issue of stock. The order will permit the Shasta Transit Company to issue \$32,400. of common stock to acquire the properties described in this application and qualify its directors to assume the payment of indebtedness, not exceeding \$18,278.46.

In the application as originally filed, applicant asked permission to issue \$40,000. of stock in payment for properties and issue and sell \$10,000. of stock for cash. The request to issue the \$10,000. of stock was withdrawn at the hearing. It now intends to issue and sell only four shares of stock, such shares being issued to qualify directors. The application, insofar as it relates to the issue of \$17,600. of stock will be dismissed without prejudice.

O R D E R

This application having been duly heard and submitted by the parties, full investigation of the matters and things involved having been had, and the Commission having, on the date hereof, made its opinion thereon, which said opinion is hereby referred to and made a part hereof,

THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA HEREBY DECLARES that public convenience and necessity require the operation by Shasta Transit Company, a corporation, of automobile passenger stage service as a common carrier of passengers locally between Red Bluff and Redding and intermediate points in California in con-

junction with, and as a part, of their automobile passenger stage service between Sacramento and Redding, California, subject to the following conditions:

Applicant herein shall file within a period not to exceed ten (10) days from date hereof his written acceptance of the certificate herein granted and shall file within a period not to exceed twenty (20) days from date hereof tariff of rates and time schedules to be in conformity with the exhibits attached to and made a part of the application, and applicant shall commence operation of the service herein authorized within a period not to exceed thirty (30) days from date hereof.

The rights and privileges herein granted shall not be discontinued, sold, leased, transferred nor assigned unless the written consent of the Railroad Commission to such discontinuance, sale, lease, transfer or assignment has first been secured.

No vehicle may be operated by applicant unless such vehicle is owned by him or leased by him under a contract or agreement on a basis satisfactory to the Railroad Commission.

IT IS HEREBY ORDERED that W. M. Sanford, Wert Irwin and J. M. Maurer, a copartnership doing business under the fictitious name of Shasta Transit Company, be and they are hereby authorized to transfer to the Shasta Transit Company, a corporation, and the Shasta Transfer Company, a corporation, be and it is hereby authorized to acquire, and thereafter authorized to operate under the operative right secured by the said copartnership by Decision No. 8713, in Application No. 6391, dated March 5, 1921.

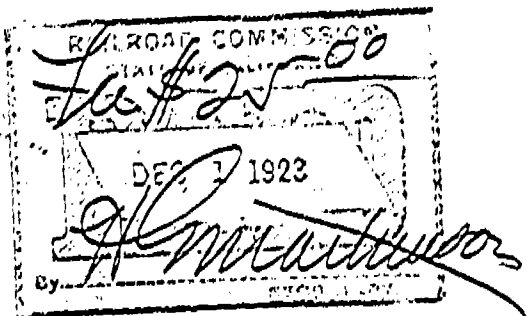
IT IS HEREBY FURTHER ORDERED that Shasta Transit Company, a corporation, be, and it is hereby authorized to issue at not less than par, not exceeding \$32,400. of its common capital stock and to assume the payment of not exceeding \$18,278.46 of indebtedness.

The authority herein granted to issue stock and assume indebtedness is subject to the following conditions:

- 1- Of the stock herein authorized to be issued, four shares (\$400.) shall be sold for cash at not less than par to the directors of the company and the proceeds used for working capital. The remainder of the stock, \$32,000., shall be issued and the payment of the indebtedness assumed by applicant in full payment for the properties, rights and business of the Shasta Transit Company, a copartnership.
- 2- The authority herein granted to issue stock and assume the payment of indebtedness as a consideration for the properties, rights and business of the Shasta Transit Company, will become effective when applicant has paid the minimum fee prescribed by Section 57 of the Public Utilities Act, which minimum fee amounts to \$25., and such authority will expire on February 28, 1924.
- 3- Shasta Transit Company shall keep such record of the issue, sale and delivery of the stock herein authorized and of the payment of the indebtedness which it is herein authorized to assume as will enable it to file, on or before the 25th day of each month, a verified report, as required by the Railroad Commission's General Order No. 24, which Order, insofar as applicable, is made a part of this order.

IT IS HEREBY FURTHER ORDERED that this application, insofar as it relates to the issue and sale of \$17,600. of stock be, and it is hereby, dismissed without prejudice.

Dated at San Francisco, California, this 26th day of November 1923.



C. S. Seaver
H. B. Brundage
Egerton Shore

Commissioners.