

Decision No. 13661

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA.

In the Matter of the Application of )  
 MT. LASSEN TRANSIT COMPANY, )  
 a corporation, for permission to )  
 issue subscribed capital stock and )  
 to sell 10,000 shares or more of )  
 said capital stock as required or )  
 necessary for the purchase of addi- )  
 tional equipment and conducting the )  
 business of said corporation. )

Application  
 Number  
 10,061

**ORIGINAL**

W. A. Fish, for Applicant.

BY THE COMMISSION :

O P I N I O N

Mt. Lassen Transit Company asks permission to issue 25,000 shares (\$25,000.00 par value) or more of its capital stock, or so much thereof, as may be necessary to purchase stage properties and equipment to which reference will be made.

Applicant reports that it has received subscriptions for 15,000 shares (\$15,000.00 par value) which stock is to be issued in payment for a certain franchise issued by the Railroad Commission to Walter Gosney, to conduct a passenger and freight stage line between Red Bluff and Westwood, also all the automobile stages and equipment belonging to this stage line. Stock in the amount of \$10,000.00, or so much thereof as may be necessary, is to be issued to acquire additional equipment.

The stage equipment that is to be purchased from Walter Gosney consists of -

- 2 - 7 passenger Studebaker cars,
- 1 - 5 passenger Pierce Arrow car,
- 1 - 5 passenger Ford,
- 1 - Ford Touring car, and
- 1 - 7 passenger Cadillac.

It is reported that this equipment cost Walter Gosney \$4,629.00. It is further reported that Walter Gosney has been offered \$10,000.00 in cash for his operating permit or franchise which applicant intends to acquire. Against this permit or franchise applicant asks permission to issue \$10,000.00 of stock. In this connection attention is called to Section 52 of the Public Utilities Act which prohibits the Commission from capitalizing a permit or franchise in excess of the amount actually paid to the State or political sub-division thereof as a consideration for the granting of such permit or franchise. The permit in question was granted by the Railroad Commission without charge. The fact that Walter Gosney may have been offered \$10,000.00 in cash for his permit does not warrant the Commission to authorize the issue of \$10,000.00 of stock against such permit.

Applicant reports that it intends to purchase two 18 passenger cars, either White or Pierce Arrow make, at an approximate cost of \$15,000.00. Upon the purchase of these two new cars some of the equipment which applicant will acquire from Walter Gosney will be remodeled for freight purposes.

Applicant asks permission to issue \$25,000.00 or more of its capital stock, or so much thereof as may be necessary to provide itself with sufficient equipment to properly conduct its business. The order herein will fix definitely the amount of stock which applicant may issue. If it becomes necessary for applicant to issue additional stock, it will have to file a new application with the Commission to issue such stock.

#### ORDER

Mt. Lassen Transit Company having applied to the Railroad Commission for permission to issue stock and the Commission being of the opinion that this is not a matter in which a public hearing is necessary and that the money, property or labor to be

procured or paid for by applicant through the issue of \$15,000.00 of stock is reasonably required by applicant and that the issue of such amount of stock should be authorized,

IT IS HEREBY ORDERED that MT. LASSEN TRANSIT COMPANY be, and it is hereby, authorized to issue on or before November 1, 1924, 15,000 shares (\$15,000.00 par value) of its common capital stock.

The authority herein granted is subject to further conditions as follows :-

1. Of the stock herein authorized to be issued, 5,000 shares (\$5,000.00 par value) shall be delivered to Walter Cosney in payment for the stage equipment and other properties described in this application, such stage equipment and properties to be transferred to Mt. Lassen Transit Company free and clear of all incumbrances.
2. Of the stock herein authorized to be issued, 10,000 shares (\$10,000.00 par value) shall be sold for cash at not less than par and the proceeds used to pay in whole or in part the cost of two 18 passenger stages, either White or Pierce Arrow make.
3. Applicant shall keep such record of the issue, sale and delivery of the stock herein authorized and of the disposition of the proceeds 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 Number 24. which order in so far as applicable is made a part of this order.

4. The authority herein granted will become effective upon the date hereof.

IT IS HEREBY FURTHER ORDERED that this application, in so far as it involves the issue of 10,000 shares (\$10,000.00 par value) of common capital stock, be, and it is hereby dismissed without prejudice.

DATED at San Francisco, California, this 5<sup>th</sup> day of June, 1924.

C. Cleary

H. A. Dixon

Jessie Martin

J. F. Whittling

Commissioners.