

ORIGINAL

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of
 (a) BEVERLY GIBSON, M. B. GIBSON, GEO. H. WOODS,
 W. M. SANFORD, C. R. SPICKARD and C. J. McFALL,
 Co-Partners doing business under the fictitious
 name of CALIFORNIA-NEVADA STAGES, for permission
 to sell and transfer, and SIERRA NEVADA STAGES,
 a corporation, to purchase and acquire, the
 right of said co-partnership to operate an auto-
 mobile-stage line as a common carrier of
 passengers and express, between Sacramento,
 California, and Reno, Nevada, and intermediate
 points, via Gold Run, Truckee, and State Line,
 California, and all the equipment and property
 of said co-partnership used and useful in the
 operation of said automobile-stage line; and
 (b) SIERRA NEVADA STAGES for permission to
 issue 570 shares of its Capital Stock, at par,
 to said co-partnership, in payment for said
 property; and
 (c) SIERRA TRANSIT CO., a corporation, for
 permission to sell and transfer, and SIERRA
 NEVADA STAGES, a corporation, to purchase and
 acquire, the right of SIERRA TRANSIT CO. to
 operate an automobile-stage line as a common
 carrier of passengers and express between
 Sacramento and Nevada City, and Colfax, Califor-
 nia, and intermediate points, via Roseville and
 Auburn, California, and all of the equipment and
 property of said SIERRA TRANSIT CO. used and
 useful in the operation of said automobile-stage
 line; and
 (d) SIERRA NEVADA STAGES for permission to issue
 960 shares of its Capital Stock, at par, to said
 SIERRA TRANSIT CO., in payment for said property;
 and
 (e) SIERRA NEVADA STAGES for a certificate of
 public convenience and necessity to consolidate
 and unify the operative rights hereby sought to
 be acquired from said co-partnership and SIERRA
 TRANSIT CO., and conduct all operations there-
 under as one unified transportation system; and
 (f) SIERRA NEVADA STAGES for permission to issue
 and sell one share of its Capital Stock, at par,
 for cash, to each of its four Directors.

Application
 No. 12728.

Sanborn & Roehl & De Lancey C. Smith,
 by A. B. Roehl, for applicants.

H. W. Hobbs, for Southern Pacific
 Company, protestant.

BY THE COMMISSION:

O P I N I O N

In this application the Railroad Commission is asked to make an order authorizing:

1. Beverly Gibson, M. B. Gibson, Geo. H. Woods, W. M. Sanford, C. R. Spickard and C. J. McFall, co-partners doing business under the firm name and style of California-Nevada Stages, to sell and transfer operative rights, and equipment and property used and useful in the operation of their automobile stage line, to Sierra Nevada Stages, a newly organized corporation;
2. Sierra Transit Co., a corporation, to sell and transfer operative rights, and equipment and property used and useful in the operation of its automobile-stage lines, to Sierra Nevada Stages, a corporation;
3. Sierra Nevada Stages, a corporation, to issue \$153,400. of its common capital stock, and to sell \$400. thereof at par for cash and to deliver \$57,000. thereof in payment for the operative rights, equipment and property of California-Nevada Stages, a co-partnership, and \$96,000. for the operative rights, equipment and property of Sierra Transit Co., a corporation; and

4. Sierra Nevada Stages, a corporation, to consolidate and unify the operative rights of California-Nevada Stages, a co-partnership, and Sierra Transit Co., a corporation, and to operate a unified system for the transportation of persons, baggage and express.

In brief, this application involves the consolidation under one ownership and management of two auto stage systems now separately owned and managed and the operation of such systems as one unified system for the transportation of passengers, baggage and express.

The operative rights to be acquired by Sierra Nevada Stages from California-Nevada Stages were granted by the Commission by Decision No. 15276, dated August 10, 1925, in Application No. 9916, and permit the transportation of passengers and express between Sacramento and a point on the Victory Highway where the state line dividing the State of Nevada from the State of California intersects between the town of Floriston, California, and Verdi, Nevada, serving as intermediate points, Gold Run, Alta, Crystal Springs, Emmigrant Gap, Cisco Camp, Soda Springs Station, Summit, Donner Lake, Truckee, Hobart Junction, Boca Junction, State Line and other points east of Auburn, provided that no passenger or express service shall be rendered between Sacramento and Auburn or points intermediate between Sacramento and Auburn, and, provided further, that no express package may be carried weighing in excess of one hundred pounds, and, further, that no general express service may be given for the carriage of express matter on

any equipment other than that regularly used in the regular passenger service and then only when it can be handled without inconvenience to passengers.

The operative rights to be acquired by Sierra Nevada Stages from Sierra Transit Co., were granted by the Commission by Decision No. 12552, dated August 27, 1923, in Application No. 9224, as amended by Decision No. 12586, dated September 7, 1924, and by Decision No. 15505, dated October 9, 1925, in Application No. 9954. Under Decision No. 12552, as amended, the corporation acquired from C. R. Spickard and C. J. McFall the right to transport passengers and express between Auburn and Nevada City and intermediate points, except to Grass Valley and to points between Grass Valley and Nevada City, locally, and the right to transport passengers and express between Sacramento and Auburn, except locally between Sacramento and Roseville. Under Decision No. 15505 the corporation acquired the right to transport passengers between Auburn and Colfax, and intermediate points, in conjunction with and as a part of the operations between Sacramento and Nevada City. No express rights were granted by this decision. Reference is here also made to Decision No. 7747 dated June 19, 1920, in Application No. 5298, to Decision No. 7795, dated June 24, 1920, in Application No. 5162 and Decision No. 10750, dated July 21, 1922, in Application No. 7659. The operative rights granted by said decisions were transferred to Sierra Transit Co. by Decision No. 12552.

It is of record that applicants do not in this proceeding seek to enlarge any operative rights now possessed by either Sierra Transit Co. or California-Nevada Stages. The

Sierra Nevada Stages asks permission to acquire the operative rights of Sierra Transit Co. and California-Nevada Stages, and consolidate and unify said operative rights. The testimony shows that the consolidation and unification of the operative rights will result in efficiencies and economies in operation, in better service to the public in that it will permit through routing of cars, interchange of equipment from one route to another as required, and the sale of through tickets from points on one line to points on another, and will eliminate, in many cases, the necessity of transferring passengers, baggage and express at junction points.

There appears to be no opposition to the transfer and consolidation of the operative rights as proposed herein. E. W. Hobbs, representing the Southern Pacific Company, did enter an appearance at the hearing but withdrew his protest upon being advised that Sierra Nevada Stages, does not ask permission to operate over new routes. Upon the record herein we therefore are of the opinion that the transfer of the operative rights to Sierra Nevada Stages and the consolidation of such rights should be authorized.

Coming now to the request of Sierra Nevada Stages to issue stock, it appears that the corporation has an authorized capital stock of \$250,000., divided into 2,500 shares of the par value of \$100. each, all common. This application involves the issue of \$400. of stock to qualify directors, \$57,000. of stock to pay for the properties of California-Nevada Stages, and \$96,000. of stock to pay for the properties of Sierra Transit Co., a total proposed issue of \$153,400.

The properties to be acquired from California-Nevada Stages include three 14-passenger Garfords, three 14-passenger Studebakers and one 14-passenger White together with furniture and fixtures and other assets as follows:-

Revenue passenger cars:-

3 14-passenger Garfords	\$20,400.00	
3 14-passenger Studebakers.	18,360.00	
1 14-passenger White.	<u>7,500.00</u>	\$46,260.00

Intangibles:-

Attorneys' fees, etc. expended in acquiring franchise	\$6,200.14
Supplies on hand	4,500.00
Furniture and fixtures	<u>39.86</u>
Total	<u>\$57,000.00</u>

The properties to be acquired from Sierra Transit Co. include six 20, 24 and 30-passenger Whites and one Dodge-Graham, together with other assets, described as follows:-

Revenue passenger cars:-

1 - 20-passenger White	\$8,000.00	
1 - 24-passenger White	9,500.00	
1 - 30-passenger White	10,000.00	
1 - 30-passenger White	10,500.00	
1 - 30-passenger White	10,500.00	
1 - 30-passenger White	11,000.00	
1 - 11-passenger Dodge-Graham.	<u>3,500.00</u>	\$63,000.00

Machinery and tools	403.22
Furniture	654.01

Intangibles:-

Attorneys' fees, etc. expended in acquiring operative rights	3,120.09
Materials and supplies	5,573.98
Securities of other companies.	100.00
Accounts receivable.	22,830.33
Cash	<u>4,449.14</u>
Total	<u>\$100,130.77</u>

It appears that there is no indebtedness outstanding against the properties of California Nevada Stages and only current accounts of \$944.07 against the properties of Sierra Transit Co.

The record shows that the stock of Sierra Transit Co., now outstanding, amounting to \$75,000., is held in equal proportions by C. R. Spickard, Effie E. Spickard, Geo. H. Woods and W. M. Sanford, and that, if this petition is granted, the stock of Sierra Nevada Stages, the new corporation, will be held by the same persons in the same proportions. The accounts receivable of \$22,830.33, referred to in the foregoing tabulation, which will be transferred by Sierra Transit Co. to Sierra Nevada Stages, are said to represent, except for \$435., amounts advanced to the four stockholders from moneys represented by the reserve for depreciation. We do not believe that we should authorize the issue of stock against the \$22,395.33. In our opinion the \$22,395.33, upon being transferred to the books of account of the new corporation, should be offset by a credit balance of like amount in the reserve for accrued depreciation account of the new corporation, and not by capital stock. As the accounts are collected, and the record shows that they will be collected on or about June 1st, the money should be used to make replacements or to purchase new equipment. The order herein therefore will authorize the issue of only \$73,700. of stock in payment for the properties of Sierra Transit Co.

ORDER

Beverly Gibson, M. B. Gibson, Geo. H. Woods, W. M. Sanford, C. R. Spickard and C. J. McFall, co-partners doing business

under the firm name and style of California-Nevada Stages, and Sierra Transit Co., a corporation, having applied to the Railroad Commission for permission to transfer operative rights, equipment and property, and Sierra Nevada Stages, a corporation, having applied for permission to issue \$153,400. of stock and for an order consolidating and unifying operative rights, a public hearing having been held before Examiner Fankhauser, and the Railroad Commission being of the opinion that the application should be granted as herein provided and that Sierra Nevada Stages should be permitted to issue \$131,100. of stock, and that the issue of such stock is reasonably required for the purposes specified herein,

IT IS HEREBY ORDERED that Beverly Gibson, M. B. Gibson, Geo. E. Woods, W. M. Sanford, C. R. Spickard and C. J. McFall, co-partners doing business under the firm name and style of California-Nevada Stages, be, and they are hereby, authorized to transfer to Sierra Nevada Stages, a corporation, the property and equipment described in Exhibit "B" attached to the application herein, and the operative rights heretofore granted them by Decision No. 15275, dated August 10, 1925, in Application No. 9916.

IT IS HEREBY FURTHER ORDERED that Sierra Transit Co., a corporation, be, and it is hereby, authorized to transfer to Sierra Nevada Stages, a corporation, the property and equipment described in Exhibit "D", attached to the application herein, and the operative rights heretofore granted it by Decision No. 12552, dated August 27, 1923, in Application No. 9224, as amended by Decision No. 12586, dated September 7, 1924, and by Decision No. 15505, dated October 9, 1925, in Application No. 9954.

IT IS HEREBY FURTHER ORDERED that Sierra Nevada Stages, a corporation, be, and it is hereby, authorized to issue \$131,100. of its capital stock and to sell \$400. thereof for cash at par and to use the proceeds to pay organization expenses and to provide working capital, and to deliver \$57,000. thereof in payment for the property, equipment and rights of Beverly Gibson, M. B. Gibson, Geo. H. Woods, W. M. Sanford, C. R. Spickard and C. J. McFall, co-partners doing business under the firm name and style of California-Nevada Stages, herein authorized to be transferred and to deliver \$73,700. thereof in payment for the property, equipment and rights of Sierra Transit Co., a corporation, herein authorized to be transferred.

THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA HEREBY DECLARES that present and future public convenience and necessity require, and will require the consolidation and unification by Sierra Nevada Stages, a corporation, of the operative rights it is herein authorized to acquire from Sierra Transit Co., a corporation, and California-Nevada Stages, a co-partnership, and the operation by Sierra Nevada Stages under such rights as one unified system for the transportation of passengers, baggage and express in accordance with the rates, fares, rules and regulations heretofore filed by Sierra Transit Co. and California-Nevada Stages and subject to the limitations of such rights.

IT IS HEREBY FURTHER ORDERED that Sierra Nevada Stages be, and it is hereby, granted a certificate of public convenience and necessity to operate automobile stages for the transportation

of passengers and express between Sacramento and Nevada City, serving intermediate points, except Grass Valley and points between Grass Valley and Nevada City and points between Sacramento and Roseville, including Roseville, (except as to such passengers and express as may originate at Roseville destined to points eastward, and passengers and express originating in territory east of Roseville and destined to Roseville), and for the transportation of passengers and express over the Victory Highway between Sacramento and the point where it intersects the California-Nevada state line, serving all intermediate points, except that no local service is herein authorized between Sacramento and Roseville, provided, however, that between Auburn and the state line no express parcels may be carried weighing in excess of one hundred pounds and that no express service may be given between Auburn and the state line on any equipment other than that regularly used in the regular passenger service and then only when it can be handled without inconvenience to passengers, and provided further, that stages may be routed temporarily from Truckee to the state line by way of Hobart Mills until the Victory Highway is fully constructed and open for public travel.

IT IS HEREBY FURTHER ORDERED that Sierra Nevada Stages, a corporation, be, and it is hereby, granted a certificate of public convenience and necessity to consolidate and unify the operative rights herein authorized to be transferred and to operate thereunder as one unified transportation system, subject to the restrictions and limitations imposed in the preceding paragraph.

IT IS HEREBY FURTHER ORDERED that the authority herein granted is subject to the following conditions:-

1. Beverly Gibson, M. B. Gibson, Geo. E. Woods, W. M. Sanford, C. R. Spickard and C. J. McFall,

co-partners doing business under the firm name and style of California-Nevada Stages, and Sierra Transit Co., a corporation, shall cancel immediately all time schedules, rates, tariffs and classifications now on file with the Railroad Commission, in accordance with General Order No. 51 of the Railroad Commission.

2. Sierra Nevada Stages, a corporation, shall file its written acceptance of the certificates herein granted within ten days from the date of this order, and shall also file, in duplicate its time schedules and its rates, tariffs and classifications, such rates, tariffs and classifications to be identical with those heretofore filed by Sierra Transit Co., a corporation, and by Beverly Gibson, M. B. Gibson, Geo. H. Woods, W. M. Sanford, C. R. Spickard and C. J. McFall, co-partners doing business under the firm name and style of California-Nevada Stages, or rates and time schedules satisfactory in form and substance to the Railroad Commission.
3. The rights and privileges herein granted and herein authorized to be transferred shall not be assigned, sold, leased, transferred or hypothecated or discontinued unless the written consent of the Railroad Commission is first obtained.
4. No vehicles may be operated by Sierra Nevada Stages unless such vehicles are owned by it or are leased by it on a basis satisfactory to this Commission.

5. The amount of stock Sierra Nevada Stages is herein authorized to issue shall not hereafter be urged before this Commission or other court or public body having jurisdiction as a measure of value of the properties herein authorized to be transferred.
6. Sierra Transit Co. and Beverly Gibson, M. B. Gibson, Geo. H. Woods, W. M. Sanford, C. R. Spickard and C. J. McFall, co-partners doing business under the firm name and style of California-Nevada Stages, shall file with the Commission, within two months from the date they transfer their rights, property and equipment to Sierra Nevada Stages, financial statements covering their operations from the first of the year to the date of transfer, such statements to be prepared and submitted on the regular annual report forms prescribed and provided by the Commission.
7. Sierra Nevada Stages shall keep such record of the issue 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 No. 24, which order, insofar as applicable, is made a part of this order.

8. The authority herein granted shall become effective upon the date hereof.

IT IS HEREBY FURTHER ORDERED that this application insofar as it involves the issue of \$22,300. of stock be, and it is hereby, denied without prejudice.

DATED at San Francisco, California, this 19th day of May, 1926.

H. B. Brundage

C. C. Leavitt

James Wood

Commissioners.