

LEM

Decision No. 17045.

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of )  
PACIFIC COAST MOTOR COACH COMPANY, )  
for order authorizing it to sell and ) Application No. 12877  
issue its promissory notes. )

Richard L. North, for applicant.

BY THE COMMISSION:

OPINION

ORIGINAL

Pacific Coast Motor Coach Company asks permission to issue \$20,000.00 of seven percent notes payable on or before seven years after date and execute a mortgage or deed of trust to secure the payment of the notes. Applicant further asks permission to pay a commission of 2-1/2 percent to sell the notes and to use approximately \$16,000.00 of the proceeds to buy additional automobile equipment and approximately \$3,500.00 for the construction of depots and a garage.

Applicant has an authorized stock issue of \$25,000. divided into 1000 shares of \$25. each. It now has 513 shares (\$7,825. par value) of stock outstanding. Its assets are reported as follows:-

Cash on hand . . . . .	\$132.74
Accounts receivable . . . . .	7.50
Ticket stock . . . . .	500.00
Stationery and printing . . . . .	500.00
Auto supplies . . . . .	550.00
Office supplies 1 . . . . .	150.00
Miscellaneous . . . . .	484.76
Equipment . . . . .	5,200.00
Total . . . . .	<u>\$7,825.00</u>

Applicant reports no liabilities. While it operated at a loss during 1925 the testimony shows that applicant's stockholders have contributed to it the money that was necessary to pay the operating losses. Its revenues for 1925 are reported at \$2,110.56 and its operating expenses at \$8,416.70. The latter figure includes \$1,120.00 as an allowance for depreciation.

Applicant's present equipment consists of one Moreland 16-passenger coach, one 1925 Reo 16-passenger coach, and one 1922 Stevens touring car. The cost of this equipment to applicant is reported at \$5,200.00.

Because of the reconstruction of roads over which applicant has a right to operate, it has been given permission to suspend operations during the period that the roads are under construction. The testimony shows that applicant plans to resume operations from Newport Beach to Arch Beach on or about August 1 and to San Juan Capistrano on or about October 1. Applicant's officers are of the opinion that upon the completion of the roads its traffic will materially increase and that it should have available at that time two additional units of equipment, each with a seating capacity of twenty-two and also a Ford truck or a Reo speed wagon to handle express and baggage.

It should be noted that if this application were granted, applicant's equipment, depot and garages would represent a cost of \$24,500.00, against which there would be outstanding \$20,000.00 face value of notes. It has been suggested that applicant's operative rights have a value of from \$30,000.00 to \$40,000.00. The Commission will not recognize any such value for the purpose of authorizing either the issue of notes or stock. The Commission can not entertain an application for the issue of notes representing so large a proportion of the reasonable value of applicant's tangible property. We believe that this application should be denied without prejudice

and suggest to applicant that if it is in need of additional funds it should file with the Commission an application for permission to issue stock.

ORDER

Coast  
Pacific Motor Coach Company having applied to the Railroad Commission for permission to issue \$20,000.00 of notes, a public hearing having been held before Examiner Fankhauser and the Commission having considered the testimony submitted in support of applicant's request, and being of the opinion that such request should be denied,

IT IS HEREBY ORDERED that the above entitled application be, and the same is hereby, denied without prejudice.

DATED at San Francisco, California, this 29 day of July, 1926.

H. B. Brundage  
O. C. Leary  
Ernest L. Lott  
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Commissioners.