

Decision No. 18407

ORIGINAL

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of)
SOUTHERN PACIFIC MOTOR TRANSPORT)
COMPANY)

for authority to sell and issue one)
hundred shares of its capital stock)

Application No. 13719.

E. J. Foulds, for applicant.

BY THE COMMISSION:

O P I N I O N

In the above entitled matter Southern Pacific Motor Transport Company, a corporation, asks permission to issue and sell one hundred shares of its capital stock for \$100.00 a share and to use the proceeds for the purchase of equipment and for the acquisition of property and for other capital purposes.

The record shows that Southern Pacific Motor Transport Company was organized, under the laws of the State of California, on or about April 18, 1927, by those in control of the affairs of Southern Pacific Company for the purpose of providing a co-ordinated motor bus service in connection with its rail line operations by establishing such service where it is thought rail operations cannot be maintained and, where conditions justify, by replacing existing rail service. It appears that applicant proposes to operate both within and without the State of California. It is of record that all of the stock which appli-

cant will issue, except shares to qualify its directors, will be purchased by the Southern Pacific Company.

The applicant corporation was organized with an authorized capital stock of 10,000 shares, without nominal or par value. It asks permission, at this time, to sell one hundred shares for cash for \$100.00 each and in support of its request alleges that it will be called upon forthwith, to expend in excess of \$10,000.00 in the purchase of equipment and property. The testimony herein shows that motor bus operations in Salem and in Eugene, Oregon, and between Santa Cruz and Boulder Creek, California, will be acquired immediately. It is reported that Southern Pacific Company is now conducting the Salem and Eugene operations, using eleven 25-passenger White busses and three 29-passenger Mack busses, having an aggregate estimated depreciated value of \$81,000, and it appears that the Santa Cruz-Boulder Creek operations recently have been purchased under authority granted by Decision No. 18194, dated April 7, 1927, by T. B. Wilson, applicant's General Manager, who plans in turn to transfer them to applicant. In this service it is proposed to place a new 25-passenger stage.

There is no application at present before this Commission requesting authority to transfer these operations from T. B. Wilson to applicant and we do not believe that we can authorize the use of any of the proceeds to be received from the sale of the one hundred shares of stock to pay for such operations or for equipment to be used therein until the transfer has been so requested and authorized. The order herein therefore will direct the use of the stock proceeds to pay organization costs and

to finance in part the cost of acquiring the properties which applicant will use in its operations in Salem and in Eugene, Oregon.

ORDER

Southern Pacific Motor Transport Company having applied to the Railroad Commission for permission to issue stock, a public hearing having been held before Examiner Fankhauser, and the Railroad Commission being of the opinion that the money, property or labor to be procured or paid for through the issue of stock is reasonably required for the purposes specified herein, and that the expenditures for such purposes are not in whole or in part reasonably chargeable to operating expenses or to income,

IT IS HEREBY ORDERED that Southern Pacific Motor Transport Company be, and it hereby is, authorized to issue and sell, for cash at not less than \$100.00 a share, one hundred shares of its capital stock and to use the proceeds to pay organization expenses and to finance in part the cost of acquiring the properties, referred to in the foregoing opinion, now used by the Southern Pacific Company in the motor bus operations in, and in the vicinity of, Salem and Eugene, Oregon.

IT IS HEREBY FURTHER ORDERED that applicant 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.

IT IS HEREBY FURTHER ORDERED that the authority herein
granted shall become effective upon the date hereof.

DATED at San Francisco, California, this 25th
day of May, 1927.

Wm. W. C. [Signature]

H. B. [Signature]

C. S. [Signature]

Thos. S. [Signature]

Commissioners.