

LEM

Decision No. 18651.

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of the)
MONTICELLO UTILITY CORPORATION,)
for an order authorizing the issue of) Application No. 13840
stock.)

Wallace Rutherford, for applicant.

BY THE COMMISSION:

O P I N I O N

In this application, as amended at the hearing had before Examiner Fankhauser on June 28th, E.F. Gardner asks permission to transfer his operative rights and stage equipment to the Monticello Utility Corporation, which asks permission to acquire said properties and to issue \$16,000. of common capital stock for the purposes hereinafter stated.

It is of record that E. F. Gardner, by virtue of having operated stage and truck equipment prior to 1917 has a right to transfer passengers, freight, express and baggage between Monticello and Napa. By Decision No. 18381 dated May 18, 1927 in Application No. 13262 he was given permission to transport passengers, freight, express and baggage between Monticello and Winters via Camp North, Elston, County Line and Recreation Beach. E. F. Gardner asks permission to transfer such operative rights as he may now have, together with his stage and truck equipment to the applicant, Monticello Utility Corporation.

In a statement filed in this proceeding he lists the properties which he asks permission to transfer to the corporation as

follows:-

One G.M.C. Model K-32 stage	\$1,500.00
Complete set hand shop tools	50.00
One furniture body	150.00
One flat rack body	150.00
One air compressor complete	150.00
Mail contract No. 76268 expiring June 30, 1930	2,000.00
Monticello Winters Line Decision No. 18381	1,000.00
Monticello Napa Line (Prior to 1917)	5,000.00
Total	<u>\$10,000.00</u>

In payment for the properties to which reference has been made Monticello Utility Corporation desires permission to issue \$10,000. of stock. The testimony shows that the value assigned to the stage is the amount which the General Motors Corporation has agreed to allow for the stage in connection with the purchase of two new stages to which reference will hereafter be made. The \$1,000. assigned as the value of the Monticello-Winters Line represents the amount expended by E.F. Gardner to acquire the rights to operate. In connection with the Monticello-Napa Line, E.F. Gardner represents that he has expended \$5,125.00 to acquire such lines and to protect his operative rights. Of this latter figure, however, it seems to us that a portion represents amounts against which the Commission cannot authorize the issue of stock, and accordingly we believe that the Monticello Utility Corporation should be permitted to issue not exceeding \$9,000. to acquire the properties to which reference has been made.

The Monticello Utility Corporation intends to acquire two Model T-40 G.M. trucks fully equipped for stage operations. The cost of each truck fully equipped is reported at \$3,720.00. The equipment will have seating capacity for seven passengers and a loading space for two tons. One of the trucks will be operated between Napa and Monticello; the other between Monticello and Winters. It is of record that the equipment will also be used to conduct non-utility business during such time as it is ^{not} needed in

the utility business. The revenues and expenses of the Monticello Utility Corporation for one year are estimated as follows:-

Operating revenue	\$11,800.00
Monticello and Winters	\$5,600.
Monticello and Napa	<u>6,200.</u>
Operating expenses including taxes and depreciation	7,380.00
Net operating revenue	<u>\$4,420.00</u>

During 1925 E.F.Gardner reports operating revenues at \$9,729.05 and for 1926 at \$7,081.20. The operating expenses for 1925 are reported at \$7,215.45 and for 1926 at \$5,479.60, leaving net revenue for 1925 of \$2,513.60 and for 1926, \$1,601.60.

The Monticello Utility Corporation was organized on or about February 11, 1927 with an authorized capital stock of \$50,000.00 divided into 500 shares of \$100. each. As stated, it asks permission to issue \$10,000.00 of this stock to acquire properties from E. F. Gardner.

It further asks permission to issue and sell at par for cash \$6,000.00 of stock to pay in part the cost of the two new units of equipment. E. F. Gardner, president of the company, testified that the stock would be sold for cash without the payment of any commissions.

ORDER

E. F. Gardner, having asked permission to transfer certain operating rights to the Monticello Utility Corporation, and the latter having asked permission to acquire such rights, together with other property, and issue not exceeding \$16,000.00 par value of its common capital stock, a public hearing having been held before Examiner Fankhauser and the Railroad Commission being of

the opinion that the Monticello Utility Corporation should be permitted to issue \$15,000.00 par value of its common capital stock and that the money, property or labor to be procured or paid for by such issue is reasonably required by applicant, Monticello Utility Corporation, and that the expenditures herein authorized are not in whole or in part reasonably chargeable to operating expenses or to income, and that this application should be granted as herein provided, therefore,

IT IS HEREBY ORDERED that E. F. Gardner be, and he is hereby, authorized to sell and transfer to Monticello Utility Corporation, a corporation, the certificate of public convenience and necessity and other properties referred to in the foregoing opinion, and said Monticello Utility Corporation be, and it is hereby, authorized to issue in payment for such properties free and clear of all indebtedness \$9,000.00 par value of its common capital stock, and to issue and sell for cash at not less than par \$6,000.00 par value of its common capital stock and use the proceeds to pay in part the cost of the two Model T-40 G.M.C. trucks fully equipped, referred to in the foregoing opinion.

The authority herein granted is subject to the following conditions:-

1. The consideration to be paid for the property herein authorized to be transferred shall not be urged before this Commission or any other rate fixing body as representing the value of said properties for any purpose other than the transfer herein authorized.
2. Applicant E.F.Gardner shall immediately unite with applicant Monticello Utility Corporation, a corporation, in common supplement to the tariffs on file with the Commission, applicant E.F.Gardner on the one hand withdrawing, and applicant Monticello Utility Corporation, a corporation, on the other hand, accepting and establishing such tariffs, and all effective supplements thereto.

3. Applicant E.F. Gardner shall immediately withdraw all time schedules filed in his name with the Railroad Commission. Applicant Monticello Utility Corporation, a corporation, shall immediately file in duplicate in its own name, time schedules covering service heretofore given by applicant E.F. Gardner, which time schedules shall be identical with the time schedules now on file with the Railroad Commission in the name of applicant, E.F. Gardner, or time schedules satisfactory to the Railroad Commission.
4. The rights and privileges herein authorized may not be sold, leased, transferred nor assigned, nor service thereunder discontinued unless the written consent of the Railroad Commission to such sale, lease, transfer, assignment or discontinuance has first been secured.
5. No vehicle may be operated by applicant Monticello Utility Corporation, a corporation, unless such vehicle is owned by said applicant, or is leased for a contract or agreement on a basis satisfactory to the Railroad Commission.
6. Applicant Monticello Utility Corporation, a corporation, 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 within 30 days after such issue, 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 application insofar as it involves the issue of \$1,000.00 of stock be, and it is hereby, dismissed without prejudice.

DATED at San Francisco, California, this 21st day of July, 1927.

Emmuel C. Edwards

Al Seavey

Thos. S. Larkin

Commissioners.