

Decision No. 22863

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of
 TANNER MOTOR LIVERY,
 a corporation, for an order author-
 izing it to transfer and assign its
 sight-seeing and automobile trans-
 portation business, franchise and
 assets, and Tanner Motor Tours, Ltd.,
 a corporation, for an order author-
 izing it to issue stock and stock
 certificates in exchange for said
 sight-seeing and automobile business,
 franchise and assets.

ORIGINAL

Application No. 16859

Bauer, MacDonald, Schultheis & Pettit,
for applicants.

BY THE COMMISSION:

O P I N I O N

In the above entitled matter the Railroad Commission is asked to make its order authorizing Tanner Motor Livery, a corporation, to transfer and assign to Tanner Motor Tours, Ltd. its certificate of public convenience and necessity and assets and properties used in its public utility business, and authorizing Tanner Motor Tours, Ltd. to issue 100 shares of its capital stock without nominal or par value.

It appears that Tanner Motor Livery is engaged in the business of operating sight-seeing automobile tours under the jurisdiction of the Commission and also in the non-public utility automotive limousine and for-hire-car service in and about

Los Angeles. The company desires to separate its utility from its non-utility business and to that end has made arrangements to transfer its utility operations and properties to Tanner Motor Tours, Ltd. These properties include the certificates of public convenience and necessity granted by the Commission by Decision No. 22644, dated July 9, 1930, in Application No. 16541, and physical properties consisting of seventeen buses, three automobiles, tools and equipment and furniture and fixtures.

In a statement attached to the application, Tanner Motor Livery reports its assets and liabilities in connection with its utility business, as of July 31, 1930, as follows:

ASSETS

Equipment:	
Buses.....	\$168,180.37
Automobiles.....	7,434.00
Tools and equipment.....	6,018.99
Furniture and fixtures.....	1,720.41
Total.....	<u>183,353.77</u>
Allowance for depreciation...	<u>125,901.43</u>
Balance.....	\$ 57,452.34
Cash (credit balance).....	34.36
Accounts receivable.....	19,358.50
Grey Line.....	7,470.80
Prepaid items.....	583.12
Uniforms.....	<u>45.50</u>
Total Assets.....	<u>\$ 84,875.90</u>

LIABILITIES & NET WORTH

Notes payable.....	\$ 5,000.00
Accounts payable.....	11,609.32
Contracts payable.....	16,519.46
Golden State Auto Tours.....	12,000.00
Branch interchange.....	2,500.00
Total Liabilities.....	\$ 47,628.78
Net worth:	
Investment.....	17,040.71
Surplus.....	<u>20,206.41</u>
Total Net Worth.....	<u>37,247.12</u>
Total Liabilities & Net Worth.....	<u>\$ 84,875.90</u>

It is the intention and purpose of applicants to

transfer only the business, assets and property, subject to liabilities, operated under and used in connection with the service and business under the aforesaid certificates of public convenience and necessity.

Tanner Motor Tours, Ltd. was organized under the laws of the State of California during 1925 and has an authorized capital stock of 500 shares without nominal or par value. The company has not, however, heretofore engaged in business nor has it issued any of its stock. It appears to us that the proposal as outlined in this application is in the public interest and should be granted accordingly. In this connection, we wish to place Tanner Motor Tours, Ltd. on notice that "operative rights" do not constitute a class of property which should be capitalized or used as an element of value in determining reasonable rates. Aside from their purely permissive aspect, they extend to the holder a full or partial monopoly of a class of business over a particular route. This monopoly feature may be changed or destroyed at any time by the State, which is not in any respect limited to the number of rights which may be given.

ORDER

Application having been made to the Railroad Commission for an order authorizing Tanner Motor Livery to transfer properties to Tanner Motor Tours, Ltd. and authorizing Tanner Motor Tours, Ltd. to issue 100 shares of stock, and the Commission being of the opinion that this is not a matter in which a public hearing is necessary, that the application should be granted, as herein provided, and that the money, property or labor to be procured or paid for through the issue of the stock is reasonably required for the

purpose specified herein, which purpose is not, in whole or in part, reasonably chargeable to operating expense or to income,

IT IS HEREBY ORDERED that Tanner Motor Livery be, and it hereby is, authorized to transfer and assign after the effective date hereof and on or before November 1, 1930, to Tanner Motor Tours, Ltd. the certificates of public convenience and necessity granted it by Decision No. 22644, dated July 9, 1930, in Application No. 16541, and the business, assets and properties used in connection therewith, subject to outstanding liabilities, as set forth in the application, and Tanner Motor Tours, Ltd. be, and it hereby is, authorized to issue in part payment therefor 100 shares of its capital stock without nominal or par value.

The authority herein granted is subject to the following conditions:

(1) The consideration to be paid for the properties herein authorized to be transferred shall never be urged before this Commission, or any other rate fixing body, as a measure of value of said property for rate fixing or any purposes other than the transfer herein authorized.

(2) Tanner Motor Livery and Tanner Motor Tours, Ltd. shall join immediately in common supplement to the tariffs of the former now on file with the Commission, Tanner Motor Livery on the one hand withdrawing and Tanner Motor Tours, Ltd. on the other hand accepting and establishing such tariffs and all effective supplements thereto.

(3) Tanner Motor Livery shall withdraw immediately time schedules filed in its name with the Railroad Commission, and Tanner Motor Tours, Ltd. shall file, in duplicate, in its own name, time schedules covering service heretofore given by Tanner Motor Livery, which time schedules shall be identical with those now on

file in the name of Tanner Motor Livery, or time schedules satisfactory to the Commission.

(4) The rights and privileges herein authorized to be transferred may not hereafter be sold, leased, transferred nor assigned, nor service thereunder discontinued by Tanner Motor Tours, Ltd. unless written consent of the Railroad Commission has first been secured.

(5) No vehicle may be operated by Tanner Motor Tours, Ltd. under the authority granted, unless such vehicle is owned by said applicant or is leased by it under a contract or agreement on a basis satisfactory to the Railroad Commission.

(6) Tanner Motor Tours, Ltd. shall keep such record of the issue of the stock herein authorized as will enable it to file, within thirty days thereafter, 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.

(7) The authority herein granted will become effective five days after the date hereof.

DATED at San Francisco, California, this 13th day of September, 1930.

C. S. Severy

W. B. Smith

M. J. Lee

Commissioners.