

Decision No. 22844**ORIGINAL****BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA**

In the Matter of the Application of)
 W. S. KEEFE, L. O. ALWARD and)
 E. J. KLIPPEL, to sell, and EAST BAY)
 MOTOR COACH LINES, LTD., a corpora-)
 tion, to purchase the properties)
 herein described and of said East Bay)
 Motor Coach Lines, Ltd. to issue)
 securities.)

Application No. 16812

Brobeck, Phleger and Harrison, by Herman Phleger
 and James S. Moore, Jr., for applicants.

BY THE COMMISSION:

O P I N I O N

W. S. Keefe, L. O. Alward and E. J. Klippel ask permission to sell to East Bay Motor Coach Lines, Ltd., a corporation, all of the properties purchased by them at judicial sale on August 6, 1930, which properties were formerly owned by Key System Transit Company and which are described in Exhibit "A" attached hereto. East Bay Motor Coach Lines, Ltd. asks permission to purchase the aforesaid properties and to assume such obligations as have been incurred by W. S. Keefe, L. O. Alward and E. J. Klippel in connection with the operation thereof. It also asks permission to issue 100 shares of its capital stock, without nominal or par value, or such portion thereof as the Commission may deem proper, in exchange for such properties.

It is of record that the Superior Court of the State of California in and for the County of Alameda in an action pending

entitled "The Oakland Bank, a corporation, plaintiff, against Key System Transit Company, a corporation, et al, defendants, No. 112,516", which action was brought to foreclose the first mortgage and the general and refunding mortgage of Key System Transit Company, under date of June 23, 1930, entered its judgment and decree of foreclosure and sale. The court ordered the properties of Key System Transit Company to be sold in parcels, each of which is described in said judgment and decree of foreclosure and sale (Exhibit No. 3). At the sale of the properties held on August 6, 1930, W. S. Keefe, L. O. Alward and E. J. Klippel bought parcel No. 5 of said properties which are described in Exhibit "A" attached hereto. In so doing they were, and, in operating the properties since August 6, 1930, they have been, and are now, acting as trustees for the readjustment committee of Key System Transit Company pursuant to the plan of readjustment of Key System Transit Company.

Applications Nos. 16815, 16816 and 16817, which were consolidated with this application, No. 16818, for the purpose of taking evidence, cover the transfer of other parts of the properties formerly owned by Key System Transit Company. A separate decision will be entered in each application. However, such facts or portions of the opinion in Application No. 16815 as relate to this application, or to Applications Nos. 16816 and 16817, or to the Key System Transit Company, or to Railway Equipment and Realty Company, Ltd. are referred to hereby or incorporated herein, to the same effect as though restated in this opinion.

In Exhibit No. 20 the cost of properties which are transferred to applicant, East Bay Motor Coach Lines, Ltd. is, as of June 30, 1930, reported at \$313.09. It is of record that all the properties, except those described in Exhibit "A" attached hereto,

which East Bay Motor Coach Lines, Ltd. needs in its operation will be leased. The total annual rental which the company will be required to pay is reported at \$229,827.60, segregated as follows:

	6% on Value	Depreciation	Total Monthly Rental
Land Leases (R.E. & R. Co. Lessor)....	\$ 328.86	\$ 214.28	\$ 543.14
Equipment (R.E. & R. Co. Lessor)....	3,843.43	11,551.73	15,395.16
Misc. Rentals (Other than R.E. & R. Co. Lessor).....	---	---	3,214.00
Monthly Total.....	4,172.29	11,766.01	19,152.30
Annual Total.....	50,067.48	141,192.12	229,827.60

East Bay Motor Coach Lines, Ltd. was organized under the laws of the State of California with an authorized stock of 100 shares, all of which is without nominal or par value. In this proceeding, as stated, the company asks permission to issue 100 shares of its stock, or such portion as the Commission may deem proper, in payment for the properties which it intends to acquire from W. S. Keefe, L. O. Alward and E. J. Klippel. After considering the evidence submitted, we have concluded that the company should be permitted to issue not exceeding 10 shares of its stock in payment for such properties.

ORDER

The Railroad Commission having been requested to enter its order, as indicated in the foregoing opinion, a public hearing having been held before Examiner Fankhauser, and the Commission being of the opinion that the money, property or labor to be procured

or paid for by the issue of the 10 shares of stock herein authorized is reasonably required for the purpose specified herein, that such purpose is not, in whole or in part, reasonably chargeable to operating expense or to income and that this application, insofar as it involves the issue of 90 shares of stock, should be dismissed without prejudice, therefore,

IT IS HEREBY ORDERED as follows:

(1) W. S. Keefe, L. O. Alward and E. J. Klippel be, and they are hereby, authorized to sell, on or before December 31, 1930, to East Bay Motor Coach Lines, Ltd., a corporation, all of the properties purchased by them at judicial sale on the sixth day of August, 1930, such properties being more particularly described in Exhibit "A" attached hereto.

(2) East Bay Motor Coach Lines, Ltd. may, on or before December 31, 1930, acquire the aforesaid properties and assume such obligations as have been incurred by W. S. Keefe, L. O. Alward and E. J. Klippel in connection with the operation of the aforesaid properties.

(3) East Bay Motor Coach Lines, Ltd. may, on or before December 31, 1930, issue 10 shares of its capital stock without nominal or par value in payment of the aforesaid properties.

(4) This application, insofar as it involves the issue of 90 shares of stock, is hereby dismissed without prejudice.

(5) The Commission will not because of the authority herein granted consider the aforesaid reported cost of the properties described in Exhibit "A" attached hereto or the aforesaid rentals as reasonable for the purpose of fixing rates or the issue of additional securities, or for any purpose other than the transfer and security issue herein authorized.

(6) East Bay Motor Coach Lines, Ltd. shall, until

otherwise directed, file with the Railroad Commission monthly reports, such reports to be filed as soon as available, but in no event later than forty-five days after the close of the month for which a report is to be filed, and to be prepared in accordance with the uniform classification of accounts for Class "A" automotive transportation companies prescribed by the Railroad Commission and to cover balance sheet, plant and equipment, income, operating revenue and operating expense accounts.

(7) Within thirty days after the transfer of the properties herein authorized to be transferred, East Bay Motor Coach Lines, Ltd. shall file with the Railroad Commission a verified copy of the deed or other instrument of conveyance under which it acquires and holds title to the aforesaid properties, and shall also file with the Commission a report such as is required by the Commission's General Order No. 24, which order, insofar as applicable, is made a part of this order.

(8) The authority herein granted will become effective ten (10) days after the date hereof.

DATED at San Francisco, California, this 6th day of October, 1930.

W. J. Lamm
W. J. Lamm
Leon O'Connell
W. J. Lamm
M. J. Lamm
Commissioners.

EXHIBIT "A"

All those certain rights and privileges to operate and maintain bus and motor coach lines over, along and upon the streets, avenues, roads, and highways therein named, which were granted to and conferred upon the grantees named therein, their successors and assigns by the Railroad Commission of the State of California by decision of the said Railroad Commission of the State of California and amendments and supplements thereto, which said decisions, orders, permits, are designated hereunder by the respective numbers and dates thereto, all of which appear from the originals of said decisions on file in the office of the Railroad Commission of the State of California, the respective numbers and dates of said decisions being as follows, to-wit:

Decision	Number	
	9107	May 26, 1921
"	14494	Jan. 27, 1925
"	16045	Mar. 2, 1926
"	17521	Oct. 25, 1926
"	17925	Jan. 26, 1927
"	17998	Feb. 11, 1927
"	19086	Dec. 2, 1927
"	19127	Dec. 22, 1927
"	19340	Feb. 6, 1928
"	19526	Mar. 29, 1928
"	19589	Apr. 13, 1928
"	19614	Apr. 14, 1928
"	20231	Sept. 18, 1928
"	20265	Sept. 26, 1928
"	21012	Apr. 1, 1929
"	21800	Nov. 15, 1929
"	21803	Nov. 19, 1929

All those certain franchises, rights and privileges to operate and maintain bus and motor coach lines over, along and upon the streets, avenues, roads, highways therein named, which were granted to and conferred upon the grantees named therein, their successors and assigns, by the City of Richmond, and by the City of Berkeley, and by the City of Piedmont, and by the City of Oakland,

by ordinances and resolutions of the respective councils of the said City of Richmond, and the said City of Berkeley, and the said City of Piedmont, and the said City of Oakland, and amendments and supplements thereto, which said ordinances and resolutions are designated hereunder by the respective numbers thereto and by the respective dates of their approval or passage by the said respective councils of the said City of Richmond, and of the said City of Berkeley, and of the said City of Piedmont, and of the said City of Oakland, all of which appear in the originals of said ordinances and resolutions on file in the office of the Clerk of the said City of Richmond, and of the said City of Berkeley, and of the said City of Piedmont, and of the said City of Oakland, the respective numbers and dates of said franchises and resolutions being as follows, to-wit:

Franchises in the City of Richmond:

	Number	
Resolution	1730	Jan. 6, 1925

Franchises in the City of Berkeley:

	Number	
Resolution	15628	Dec. 14, 1926

Franchises in the City of Piedmont:

	Number	
Resolution	June 2, 1921

Franchises in the City of Oakland:

	Number	
Resolution	22269 N.S.	June 30, 1921
"	30328 N.S.	Sept. 2, 1924
"	30329 N.S.	Sept. 2, 1924
"	30330 N.S.	Sept. 2, 1924
"	31669 N.S.	Feb. 10, 1925
"	31584 N.S.	Feb. 10, 1925
"	31668 N.S.	Feb. 24, 1925
"	32106 N.S.	Apr. 10, 1925
"	32107 N.S.	Apr. 10, 1925
"	35679 N.S.	Mar. 22, 1926
"	37282 N.S.	Aug. 30, 1926
"	41021 N.S.	Dec. 20, 1927

Together with any and all bus and motor coach routes operated by the Key System Transit Company upon the routes in said orders,

permits, franchises, licenses described or by authority thereof,
and all signs and sign posts and appurtenances along said bus
routes and each of them.