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Decision No. 10257

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

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ORIGINAL

In the Matter of the Application of	*	
GEO. S. JONES to sell and GEO. S.	:	
JONES COMPANY, a corporation, to	:	
purchase an automobile stage line)	Application No. 7620
operated as a common carrier of pas-)	
sengers between Petaluma and Boyes	:	
Springs, California.)	

In the Matter of the Application of)	
GEO. S. JONES COMPANY, a corporation,	:	Application No. 7621.
to issue stock.)	

Thomas P. Boyd for Applicants.

BENEDICT, Commissioner.

O P I N I O N

The two applications entitled as above were consolidated for hearing and decision.

In Application No. 7620 Geo. S. Jones petitions the Railroad Commission for an order authorizing him to sell and Geo. S. Jones Company, a corporation, for an order authorizing them to purchase and operate an automobile stage line operated as a common carrier of passengers between Petaluma and Boyes Springs via Lakeville and Sonoma and serving as an intermediate point the community of Shellville.

The operative right herein proposed to be transferred was obtained by Geo. S. Jones under Decision No. 9484 in Application No. 6836, dated September 8th, 1921.

At the hearing on these proceedings held at San Francisco on March 10th, 1922, Mr. Jones testifying in his own behalf stated as he was engaged in a number of different enterprises, he desired to segregate his public utility business from his business of a

private nature and accordingly had caused to be formed the Geo. S. Jones Company, a corporation, for the purpose of operating his public utility enterprises.

In Application No. 7621, the Geo. S. Jones Company, a corporation, asks permission to issue its common stock of the total par value of \$10,000.00. This Corporation was organized on or about January 31st, 1922 with an authorized stock issue of \$10,000, divided into 10,000 shares of the par value of \$1.00 each. Under the present proceeding it proposes to issue \$8,752 of its stock in payment for properties whose value is reported as follows:

1. Endson touring car	-	\$ 800.00
1. Locomobile touring car	-	1,000.00
1. Ford touring car	-	250.00
Automobile tools and garage equipment	-	550.00
Automobile accessories and parts, tires, stock in trade, valued at invoice price	-	1,576.00
Bills receivable	-	556.00
Good will of garage business conducted at Ignacio, Marin County	-	3,000.00
Franchise or permit issued to said Geo. S. Jones on Application No. 6836 by the Railroad Commission of the State of California to operate an automobile stage line as a common carrier of passengers between Petaluma and Boyes Springs via Lakeville and Sonoma.		<u>1,000.00</u>
TOTAL	-	\$ 8,732.00

In addition thereto, the Corporation also asks permission to issue and sell to Geo. S. Jones for cash 1,268 shares of its common stock, the proceeds thereof to be used for the purposes of acquiring additional automobile equipment to be used in the conduct of the automobile stage business.

Section 52 of the Public Utilities Act read in part as follows:

"The Commission shall have no power to authorize the capitalization of the right to be a corporation, or to authorize the capitalization of any franchise or permit whatsoever, or the right to own, operate and enjoy any such franchise or permit, in excess of the amount (exclusive of any tax or annual charge) actually paid to the state or to a political subdivision thereof as the consideration for the grant of such franchise, permit or right."

The certificate of public convenience and necessity proposed to be transferred to the Corporation was granted by the Railroad Commission without the payment of any fee whatsoever. In my opinion no stock should be permitted to be issued by the Corporation for the purpose of acquiring such certificate from George S. Jones.

Applicant Corporation intends, in addition to operating a public utility stage line, to engage in a non-public utility garage business and asks permission to issue \$3,000.00 of common stock in exchange for the good will of such business. Aside from the question of the propriety of permitting a public utility to issue stock to acquire the good will of a non-public utility enterprise, I do not consider that applicant herein has made an adequate showing justifying the issuance of this \$3,000.00 par value of stock.

The request for permission to issue \$3,000.00 par value of stock for the purpose above indicated will be denied, as will the request for permission to issue \$1,000.00 par value of stock to acquire the certificate heretofore issued to Geo. S. Jones.

I submit the following form of Order:-

O R D E R

Geo. S. Jones having made application to the Railroad Commission for an order authorizing him to sell a certain automobile stage line to Geo. S. Jones Company, a corporation, and the Corporation having applied to the Railroad Commission for permission to purchase and operate such stage line and for permission to issue \$10,000 par value of its common capital stock, a public hearing having been held, the matters being submitted, and the Commission being of the opinion that the transfer should be authorized

and that the Corporation should be permitted to issue \$6,000.00 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 Geo. S. Jones Company, a corporation,

IT IS HEREBY ORDERED THAT Application No. 7620 be, and the same hereby is granted subject to the conditions as hereinafter specified.

IT IS HEREBY FURTHER ORDERED that the Geo. S. Jones Company, a corporation, be, and it hereby is authorized to issue at not less than par \$6,000.00 of its common capital stock. The authority herein granted for the issuance of stock is subject to the following conditions:

1. Stock in the amount of \$4,732 may be issued by Geo. S. Jones Company, a corporation, for the purpose of acquiring the automobile equipment, automobile tools, garage equipment, automobile accessories, bills receivable, described in Application No. 7621. The remainder of the stock, namely \$1,268, shall be sold by Geo. S. Jones Company, a corporation, for cash at not less than par and the proceeds used for the purpose of acquiring additional automobile equipment or other properties.

2. Geo. S. Jones Company, a corporation, shall keep such record of the issue and sale 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.

3. The authority herein granted will apply only to such stock as may be issued, sold or delivered on or before September 1, 1922.

4. Applicant Geo. S. Jones shall immediately cancel all tariff of rates and time schedules now on file with the Railroad Commission, such cancellation to be in accordance with the provisions of General Order No. 51 and other regulations of the Railroad Commission.

5. Applicant Geo. S. Jones Company, a corporation, shall immediately file tariff of rates and time schedule, in duplicate, in its own name, or adopt as its own the tariff of rates and time schedule heretofore filed with the Railroad Commission by applicant Geo. S. Jones, all rates and time schedules to be identical with those filed by applicant Jones.

5. The rights and privileges herein authorized to be transferred may not be discontinued, sold, leased, transferred nor assigned unless the written consent of the Railroad Commission to such discontinuance, sale, lease, transfer or assignment has first been secured.

7. No vehicle may be operated by applicant Geo. S. Jones Company, a corporation, 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.

Dated at San Francisco, California, this 27th
day of March, 1922.

H. H. Bond

Wm. M. Martin

J. H. Bond
Commissioners