

Decision No. 8150.

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA.

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In the Matter of the Application of)
STAR AUTO STAGE ASSOCIATION, to transfer)
and assign its franchises and permits)
to operate auto stages in the State of)
California, to STAR AUTO STAGE COMPANY,)
a corporation.)

Application No. 5163.

- and -

Application of STAR AUTO STAGE COMPANY,)
a corporation, for an order authorizing)
issue of stock.)

W. A. Latta and J. Hancock, for Applicants.
Harry A. Encell, for Geo. S. Held, Clarence
L. Simonds and O. A. Moon.
J. E. McCurdy, for J. L. Koehn.
Jesse Steinhart, J. Goldberg and Lawrence
Levy, for A. L. Richardson.
Charles R. Detrick and Theodore W. Chester
for Central California Traction Company.
Dennett & Zion, for E. R. Michaels and
A. L. Parker.
T. S. Louthitt, for C. D. Gulick and Henry
Short.
K. B. Robinson, for Shaves and McFall.

BY THE COMMISSION:

O P I N I O N

Star Auto Stage Association and Star Auto Stage
Company, a corporation, have petitioned the Railroad Commission
for an order authorizing the transfer of the rights and
privileges heretofore held by applicant, Star Auto Stage
Association to Star Auto Stage Company, a corporation, for
the transfer and assignment of certain operative rights to
individuals mentioned in the application and for the issuance
by Star Auto Stage Company, a corporation, of 1,575 shares of

its capital stock at \$80.00 per share in payment for stages and equipment as specifically set forth in the application and for permission of the Star Auto Stage Company, a corporation, to issue and sell 500 shares of its capital stock at \$80.00 per share for the purpose of purchasing additional equipment and equipping its offices and stations for the convenience of the traveling public.

Public hearings on this application were conducted by Examiner Handford at Stockton, the matter was duly submitted and is now ready for decision.

The rights and privileges proposed to be transferred are those acquired by applicant, Star Auto Stage Association, by reason of its operation in good faith prior to May 1, 1917, which was the date specified by the legislature as that upon which applicants were not required to secure a certificate of public convenience and necessity from the Railroad Commission or permits from the governing bodies of the various political subdivisions through which routes were operated.

Since the filing of this application an amended application has been filed requesting an issue of a total of \$263,500.00 of the common stock of the Star Auto Stage Company for the purposes hereinafter stated.

The record in this proceeding shows that the Star Auto Stage Association is composed of thirty-four ^{associate} members. The association and its members have been and are operating automobile stages as common carriers between Merced on the south, Sacramento on the north, the cities of San Jose and Oakland and all intermediate points and branch lines running from Modesto to Oakdale, Modesto to Newman, Modesto to La

Grange, Stockton to Groveland, Stockton to Sonora, Sonora to Tuolumne, Stockton to Angels, Stockton to Jackson, Plymouth to Jackson, Sacramento to Auburn, Sacramento to Placerville, Stockton to Walnut Grove and Stockton to Tracy via Island Road. The record further shows that the association is the owner of certain offices and depot equipment and of real property consisting of a station or depot site situated about two miles west of the town of Manteca at the junction of the Modesto, Oakland and Durham ferry road.

Certain members of the association, whose names appear in this application, have concluded that it is to their interest and the interest of the public that they transfer automobiles owned by them and the assets of the association to a corporation, the Star Auto Stage Company, applicant herein. The petition shows that forty-eight cars having a seating capacity ranging from eight to twenty persons and an estimated value of \$225,000.00 will be transferred to the corporation. On these cars, there is a balance due of \$54,700.00, the payment of which is to be assumed by the corporation, leaving a net worth of \$170,800.00. In addition, there will be transferred to the corporation office equipment, furniture, materials, supplies and real property having a value of \$15,000.00, making a total net value of \$185,800.00. From the testimony in this case and the investigation made by the Commission the value of the property as reported appears reasonable. The \$185,800.00 includes no allowance for going concern, franchises or any other intangible property item.

The Star Auto Stage Company asks permission to issue \$213,500.00 of stock to acquire the assets of the association and the equipment to which reference has been made. In addition the company asks permission to issue and sell \$50,000.00 of its stock at not less than 80 and use the proceeds to purchase additional equipment and more fully

equip its offices and stations for the convenience of the traveling public. The Commission has not been furnished with any detailed data or definite information showing the purposes for which the proceeds obtained from the sale of the \$50,000.00 of stock will be used and the order will, therefore, provide that, if the company sells any of the stock, it shall expend the proceeds only for such purposes as the Commission may authorize in a supplemental order or orders in this proceeding. Inasmuch as the owners of the automobile equipment and the association are willing to accept stock of the Star Auto Stage Company in payment for their properties at 87, it occurs to us that the \$50,000.00 of stock which the company asks permission to sell should not be sold for less than 85, as provided for in the order herein.

The transfer of the so-called branch lines which are proposed to be eliminated from the corporation have already received the consideration of the Commission and authority for a transfer of such branch lines is contained in Decision Number 7795 on Application Number 5162 as decided June 24, 1920.

The operative routes proposed to be transferred by the Star Auto Stage Association to the Star Auto Stage Company, a corporation, are as follows:

From Stockton to Sacramento serving as intermediates the communities at Five Mile House, Henderson, Woodbridge, Galt, Arno, McConnell and Elk Grove.

From Sacramento to Folsom serving as intermediates the communities at Perkins, Mills and Natomas.

From Stockton to Modesto serving as intermediates the communities at French Camp, Manteca, Ripon and Salida.

From Stockton to Oakland serving as intermediates the communities at Tracy, Altamont, Greenville, Livermore, Dublin and Hayward.

From Stockton to Tracy serving as intermediates the communities at Garwood Bridge and White Hall.

We are of the opinion that the transfer of the operative lines as hereinabove specified should be made in accordance with the terms and conditions appearing in the following order:

O R D E R

Public hearings having been held in the above entitled proceeding, the matter having been duly submitted and the Commission being fully advised and of the opinion that no further hearing is necessary on the amended application, as regards the issue of stock, and that the money, property or labor to be procured or paid for through the issue of stock herein authorized is reasonably required by the Star Auto Stage Company, and that the expenditures for such purpose or purposes are not in whole or in part reasonably chargeable to operating expenses or to income.

IT IS HEREBY ORDERED that the transfer of the operative rights on the routes, as specified in the opinion preceding this order, be and hereby are authorized transferred from the Star Auto Stage Association to the Star Auto Stage Company, a corporation, upon the following conditions:

- I - Applicant, Star Auto Stage Association, shall immediately cancel all tariff and schedule filings on the routes hereinabove specified, such cancellation to be in accordance with the rules and regulations of this Commission.

- II - Applicant, Star Auto Stage Company, a corporation, shall immediately file with the Railroad Commission tariffs and schedules covering the routes hereinabove specified or adopt as their own the

tariffs and schedules of the Star Auto Stage Association as heretofore filed with this Commission; all schedules to contain the same rates as those heretofore filed with the Railroad Commission by applicant, Star Auto Stage Association.

-III- No vehicle may be operated by applicant, Star Auto Stage Company, a corporation, unless such vehicle is owned by such applicant or is leased by it under a contract or agreement on a basis satisfactory to the Railroad Commission.

IT IS HEREBY FURTHER ORDERED, that Star Auto Stage Company be, and it is hereby, authorized to issue \$263,500.00 par value of its common capital stock and assume the payment of the balance due on the automobile equipment referred to in the amended application herein.

The authority herein granted is subject to the following conditions:

- I- Of the stock herein authorized, \$213,500.00 shall be delivered in payment for the automobile equipment and property described in the amended petition herein.

- II- Of the stock herein authorized, \$50,000.00 shall be sold by Star Auto Stage Company for not less than 85% of its par value and the proceeds deposited in a special fund and expended only for such purpose as the Railroad Commission may authorize in a supplemental order or orders in this proceeding.

-III- Star Auto Stage Company 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, in so far as applicable, is made a part of this order.

-IV- The authority herein granted will apply only to such stock as may be issued and sold on or before December 31, 1920.

The foregoing opinion and order are hereby approved and ordered filed as the opinion and order of the Railroad Commission of the State of California.

Dated at San Francisco, California, this _____ day of September, 1920.

Edwin O. Edgerton
H. H. Loveland
Frank R. Owen
H. B. Prudigg

Commissioners.