

Decision No. 8279

ORIGINAL

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA.

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In the matter of the application of KERN COUNTY TRANSPORTATION COMPANY to issue stock. ) Application No. 5919.

Alfred Siemon for applicant.

BY THE COMMISSION:

O P I N I O N

Applicant applies for authority to issue \$36,000 in stock at par to its directors in return for that amount of cash advanced by them for the purchase of the equipment and rights of the Western Auto Stage Company, which operated a passenger stage line between Bakersfield and Taft.

A public hearing was held upon the application by Examiner Westover at Bakersfield.

The property in question was acquired by authority of Decision No. 7089 of February 5, 1920, upon Application No. 5311.

The testimony shows that in the negotiation between the parties the sellers demanded a lump sum of \$40,000 but finally accepted a lump sum of \$36,000; that there was no detailed inventory agreed upon by the parties but that the

purchasers in making the offer considered the operative rights worth about \$6,000.

The Western Auto Stage Company operated for many years prior to May 1, 1917, and therefore was not obliged to apply to the Commission for certificate of public convenience and necessity nor to the local authorities for permits as required by the Statutes of 1917. It therefore incurred no expense in obtaining the operative rights which it enjoys.

Section 52 of the Public Utilities Act prohibits the capitalization of a franchise or permit in excess of the amount actually paid therefor to the State or a political subdivision thereof. We therefore authorize the issuance of \$30,000 of stock at par. The testimony shows that this is satisfactory to applicant.

O R D E R

A public hearing having been held upon the above entitled application, the matter being submitted and the Commission being fully advised in the premises,

IT IS HEREBY ORDERED that Kern County Transportation Company be and it is hereby authorized to issue \$30,000 of its capital stock at par, one-fourth thereof to R. C. Dear and wife, one-fourth thereof to Peter Gilli, one-fourth to Cyril C. Haworth and W. T. Mattly in return for \$30,000 in cash paid by them to applicant for capital stock and by applicant paid for the tangible property described in bill of sale and conveyance from Western Auto Stage Company to R. C. Dear and others, dated January 16, 1920, copy of which is attached as an exhibit to the above described Application No. 5919, original

of which was introduced in evidence as applicant's  
Exhibit I.

The authority herein contained is granted  
upon the following conditions:

1. Nothing herein contained shall be construed as a finding of the value of the property so acquired for any purposes other than the purpose of this application.

2. This authority shall extend only to stock issued within ninety (90) days after the date hereof.

3. Within ten (10) days after issuance of said stock applicant shall make verified report to the Commission as required by the Commission in its General Order No. 2, which order, in so far as applicable, is made a part hereof.

Dated at San Francisco, California, this

25<sup>th</sup> day of October, 1920.

A. D. Loveland  
Frank D. W. W.  
H. R. Brundage  
Dwight Martin