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Decision No. 8838.

ORIGINAL

BEFORE THE RAILROAD COMMISSION OF THE
STATE OF CALIFORNIA.

In the Matter of the Application of)
VALLEY TRANSIT COMPANY,) Application No. 6434.
a corporation, for an order authori-)
zing the issuance of stock.)

Everts & Ewing, Harry A. Encell, by Harry A.
Encell, for applicant.

MARTIN, Commissioner.

O P I N I O N.

In this application, as amended, at the hearing, VALLEY TRANSIT COMPANY asks permission to issue \$60,000.00 of stock to acquire from J.C. Walling certain operative rights and privileges, a stage line business, automobile equipment and appurtenances and office furniture and fixtures.

The property which J.C. Walling intends to sell and transfer to Valley Transit Company is that described in Application No. 5235 and Application No. 5528. On February 20, 1920, the Commission made its order (Decision No. 7156) in Application No. 5235, authorizing J.E. Moore to transfer to J.C. Walling certain rights and privileges to operate a stage line between Fresno and Porterville serving the intermediate points of Malaga, Fowler, Selma, Kingsburg, Traver, Goshen, Visalia, Farmersville, Exeter, Lindsay and Strathmore.

On April 8, 1920, The Commission made its order (Decision No. 7395) authorizing J.F. Scott to transfer certain operative rights and privileges to J.C. Walling, such rights and privileges covering the operation of auto stages between Visalia and Bakersfield via Exeter, Lindsay, Porterville and Delano. J.C. Walling did not only acquire the operative rights and privileges from J.E. Moore and J.F. Scott, but also their automobile equipment, materials and supplies, office furniture and fixtures. In Application No. 6433, J.C. Walling asks permission to transfer the operative rights and privileges together with automobile equipment, materials and supplies, office furniture and fixtures to Valley Transit Company. An order in Application No. 6433 will cover the transfer of the operative rights and privileges.

Applicant in Exhibit "1" describes the automobile equipment and other property and reports the present value of such equipment and property as follows:

<u>PROPERTY</u>	<u>PRESENT VALUE</u>
<u>Equipment:</u>	
Car #31, ... 12-cylinder Packard 8 Passenger, 1916 Model,	\$3,500.00
Car #32, ... 12 cylinder Packard, 11 Passenger, 1917 Model,	6,000.00
Car #33, ... 12 cylinder Packard, 14 Passenger, 1917 Model,	8,000.00
Car #34, ... 6 cylinder Packard, 8 Passenger, 1916 Model,	3,000.00
Car #35, ... 12 cylinder Packard, 14 Passenger, 1917 Model, ...	8,000.00
Car #36, ... 12 cylinder Packard, 11 Passenger, 1917 Model,	6,000.00
Car #37, ... 8 cylinder, Cadillac, 8 Passenger, 1916 Model,	2,000.00
Car #38, ... 8 cylinder Cadillac, 11 Passenger, 1916 Model, ...	4,000.00
Car #39, ... 8 cylinder Cadillac, 11 Passenger, 1916 Model, ...	4,000.00
	<u>\$44,500.00</u>
Desks, chairs, safe, electric fans, heaters, and miscellaneous fixtures for three offices,	3,000.00
Adding Machine,	175.00
Typewriter,	60.00
Shop tools and equipment,	1,000.00
Supplies -Inventory,	2,756.00
	<u>\$51,481.00</u>

In its original application, applicant asked permission to issue \$50,000.00 of stock to J.C. Walling in exchange for the properties and assume the payment of an \$8,500.00 indebtedness. At the hearing, counsel for applicant asked permission to amend the application to cover the issue of \$10,000.00 of additional stock on account of good-will, going concern value and development costs. Applicant has made no satisfactory showing justifying the issue of the additional \$10,000.00 of stock for such purposes.

The present value of the equipment and other properties is reported at \$51,481.00. The indebtedness which applicant asks permission to assume amounts to \$8,500.00, leaving an equity in the property of \$41,981.00. The order herewith will permit applicant to issue \$51,500.00 of stock, of which \$43,000.00 may be issued to J.C. Walling in exchange for the equity in the properties which he intends to transfer to Valley Transit Company, and the remaining \$8,500.00 of stock may be sold at not less than par to pay the indebtedness which Valley Transit Company asks permission to assume.

I herewith submit the following form of Order.

O R D E R.

VALLEY TRANSIT COMPANY having applied to the Railroad Commission for permission to issue \$60,000.00 of stock, a public hearing having been held and the Commission being of the opinion that applicant should be permitted to issue \$51,500.00 of stock and that the money, property or labor to be procured or paid for by such issue is reasonably required for the purpose or purposes specified in this order;

IT IS HEREBY ORDERED, that VALLEY TRANSIT COMPANY be, and it is hereby, authorized to issue \$51,500.00 of its common capital stock and to assume the payment of the \$8,500.00 indebtedness referred to in this application.

The authority herein granted is subject to the following conditions:

- 1.--Of the stock herein authorized to be issued, ~~\$43,000.00~~ ^{\$43,000} shall be delivered to J.C. Walling in part payment for the properties described in the foregoing opinion and in this application. U. H. 20M.
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- 2.--Of the stock herein authorized to be issued, \$8,500.00 shall be sold by applicant for not less than par and the proceeds used to pay the indebtedness which applicant is herein permitted to assume, or for such other purposes as the Railroad Commission may hereafter authorize by a supplemental order or orders.
- 3.--Valley Transit Company shall file with the Railroad Commission, within thirty days after the date hereof, a detailed statement of the indebtedness, the payment of which it is herein permitted to assume.
- 4.--Valley Transit 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.
- 5.--The consideration which applicant is herein authorized to pay for the properties which it intends to acquire from J.C. Walling shall not be urged before this Commission, or any other public body having jurisdiction, as a measure of value of said properties for the purpose of fixing rates, or for any purpose other than the issue of the stock herein authorized.

6.--The authority herein granted will apply only to such stock as may be issued, sold and delivered on or before October 1, 1921.

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 8th day of April, 1921.

Francis D. Dwyer
H. D. Loveland
H. B. Brundage
James M. Watson

Commissioners.