

LEM

Decision No. 28057

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In re: The Application of AGNES IRENE  
GEER and VICTOR RAAHAUGE for an Order  
authorizing and approving the sale and  
transfer to the Vallejo Bus Company,  
a corporation, of the interest of the  
petitioners acquired under and by  
virtue of a Decree of Distribution in  
the matter of the Estate of H.W. Lowell,  
deceased, and for authority authorizing  
the Vallejo Bus Company, a corporation,  
to issue stock in payment therefor.

ORIGINAL

Application No. 20683

Peter tum Suden, Richard tum Suden and Thomas J.  
Horan, for applicants.

BY THE COMMISSION:

O P I N I O N

The Commission in this proceeding is asked to enter its order authorizing Agnes Irene Geer and Victor Raahauge to transfer all their right, title and interest and estate in and to the business conducted under the name of the Vallejo Bus Company to applicant Vallejo Bus Company, a corporation, and authorizing said corporation to issue \$25,000. par value of common stock or such other amount as the Commission may authorize in payment for said properties.

The business conducted under the fictitious name of Vallejo Bus Company consists of a passenger service between the City of Vallejo, Bay Terrace, Emerald Terrace, Vallejo Annex, South Vallejo and Mare Island and intermediate points. The business is conducted under, and by virtue of, a certificate of public convenience and necessity granted by Decision No. 6611 in Application No. 4834 dated August 29, 1919; and amendatory orders in Application No. 13588, Decision No. 18099, dated March 21, 1927; and Application No. 20437, Decision No. 28733 dated April 20, 1936.

The assets and liabilities of Vallejo Bus Company as of June 30, 1936 are reported as follows:-

### A S S E T S

<u>Property: (At cost)</u>		
Automobile buses.....	\$14,098.98	
Garage equipment .....	1,073.90	
Furniture and fixtures.....	841.80	
Total property.....		\$16,014.68
<u>Current assets:</u>		
<u>Cash:</u>		
On hand .....	\$ 134.20	
On deposit .....	918.48	
Accounts receivable (Collected 7/6/'1936...\$165.) .....	215.00	
Inventories (Book values)		
Tires and tubes.....	332.51	
Materials and supplies .....	50.00	
Total current assets .....		1,650.19
Excess drawings over net income to 12/31/'34	3586.60	
<u>DEDUCT:</u>		
<u>Net income since 12/31/1934:</u>		
Year ended Dec. 31, 1935.....	\$2,261.45	
6 months ended 6/30/1936... 500.90	2,762.35	
Remainder.....		824.25
Total.....		<u>\$18,489.12</u>

### L I A B I L I T I E S

<u>Current liabilities:</u>		
Note payable to bank .....	\$ 300.00	
Notes payable to partners .....	3,704.20	
Other notes payable .....	850.00	
Contracts payable .....	3,924.81	
Accounts payable .....	813.24	
Tickets sold and not redeemed.....	132.16	
Total current liabilities.....		9,724.41
<u>Reserve for depreciation:</u>		
Automobile buses.....	\$ 6,922.91	
Garage equipment.....	1,000.00	
Furniture and fixtures.....	841.80	
Total reserve for depreciation.....		8,764.71
Total.....		<u>\$18,489.12</u>

It will be observed that the debts of Vallejo Bus Company and its reserve for depreciation are approximately equal to its assets. The record in this proceeding does not warrant the issue of \$25,000. par value of common stock. The order herein will permit the Vallejo Bus Company, a corporation, to issue \$1,000.

par value of common stock and assume the indebtedness of Vallejo Bus Company. If and when the corporation pays such indebtedness through the use of surplus earnings it may file an application for permission to issue stock to reimburse its treasury because of income expended for the acquisition of properties.

It is suggested that the business has a goodwill value of \$20,000. It has not been the practice of the Commission to authorize the issue of stock against an alleged value of goodwill. We know of no reason why we should depart from this practice in this instance.

#### O R D E R

The Commission having considered applicants' requests and being of the opinion that this is not a matter on which a hearing is necessary and that Vallejo Bus Company should be permitted to issue \$1,000. par value of common stock in part payment for the properties referred to in the foregoing opinion and that the money, property or labor to be procured or paid for through the issue of such stock is reasonably required by Vallejo Bus Company, a corporation, for the purpose herein stated, and that the expenditures for such purpose are not in whole or in part reasonably chargeable to operating expenses or to income and that this application should be granted to the extent herein provided, therefore,

IT IS HEREBY ORDERED as follows:-

1. Agnes Irene Geer and Victor Rashauge, doing business under the fictitious name of Vallejo Bus Company, may, on or before November 1, 1936 transfer to the Vallejo Bus Company, a corporation, all of their right, title and interest and estate in and to the business of the Vallejo Bus Company and the operative rights established by Decision No. 6611 dated August 29, 1919 in Application No. 4834; by Decision No. 18099 dated March 21, 1927 in Application No. 13588; and by Decision No. 28733 dated April 20, 1936 in Application No. 20437.

2. Vallejo Bus Company, a corporation, may on or before November 1, 1936 issue in payment for the aforesaid properties not exceeding \$1,000. par value of its common stock, referred to in the aforesaid balance sheet and assume the payment of the indebtedness attributable to the properties herein authorized to be transferred.

3. The authority herein granted is subject to the following conditions:-

- (a) The consideration to be paid for the properties herein authorized to be transferred shall never be urged before this Commission or any other rate fixing body as a measure of value of said property for rate fixing or any purpose other than the transfer herein authorized.
- (b) Vallejo Bus Company and Vallejo Bus Company, a corporation, shall join immediately in common supplement to be filed in triplicate to the tariffs on file with the Commission in the name of the transferor, Vallejo Bus Company on the one hand withdrawing and Vallejo Bus Company, a corporation, on the other hand accepting and establishing as its own such tariffs and all effective supplements thereto.
- (c) Vallejo Bus Company shall withdraw immediately time schedules filed in its name with the Railroad Commission and Vallejo Bus Company, a corporation, shall file in duplicate in its own name new time schedules which shall be identical with those now on file in the name of Vallejo Bus Company or time schedules satisfactory to the Commission.
- (d) The rights and privileges herein authorized to be transferred may not hereafter be sold, leased, transferred nor assigned nor service thereunder discontinued, increased or changed by Vallejo Bus Company, a corporation, unless written consent of the Railroad Commission has first been secured.

(e) No vehicle may be operated by Vallejo Bus Company, a corporation, under the authority herein granted 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.

(f) Vallejo Bus Company, a corporation, shall within thirty(30) days after the issue of the stock herein authorized, file with the Railroad Commission a report showing the purposes for which the said stock was issued and the names of the person or persons to whom such stock was issued.

(g) The authority herein granted will become effective fifteen (15) days after the date hereof.

IT IS HEREBY FURTHER ORDERED that this application insofar as it involves the issue of \$24,000.00 par value of common stock be, and the same is hereby dismissed without prejudice.

DATED at San Francisco, California, this 17th day of August, 1936.

M. B. Harris  
Leon A. White  
M. J. Carr  
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W. H. [unclear]  
Donna R. [unclear]  
Commissioners.