

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of MOTOR COACH COMPANY, a Corporation, and LONG BEACH MOTOR BUS COMPANY, a Corporation, for authority to transfer the operating rights of the MOTOR COACH COMPANY, a Corporation, of its existing motor-coach service for the transportation of persons as a common carrier for compensation, between the intersection of Ocean Boulevard and Pine Avenue, in the City of Long Beach, and the intersection of Sixty-eighth Street and Orange Avenue, via Ocean Boulevard, Alamitos Avenue and Orange Avenue, and the intersection of the northerly City Limits of the City of Long Beach, and Ocean Avenue via Ocean Boulevard and Cherry Avenue, and the north gate of Shell Oil Company's plant near Hill Street via Ocean Boulevard and Obispo Avenue, and between Orange Avenue and Long Beach Junior College and intermediate points and between Long Beach Junior College and the intersection of Ximeno Avenue and East Broadway in the City of Long Beach and intermediate points via Carson Street, Cerritos Avenue and Ximeno Avenue, to the LONG BEACH MOTOR BUS COMPANY, a Corporation, and for authority to issue stock of the LONG BEACH MOTOR BUS COMPANY, a Corporation, to the MOTOR COACH COMPANY, a Corporation, in consideration of such transfer of operating rights.

Application No. 20766

ORIGINAL

In the Matter of the Application of MOTOR COACH COMPANY, a Corporation, and MOTOR COACH CORPORATION, a corporation, for authority to transfer the operating rights of the MOTOR COACH COMPANY, a Corporation, of its existing motor-coach service between San Fernando and Santa Monica, and intermediate points to the MOTOR COACH CORPORATION, a Corporation, and for authority to issue stock of the MOTOR COACH CORPORATION, a Corporation, to the MOTOR COACH COMPANY, a Corporation, in consideration of such transfer of operating rights.

Application No. 20767

Sanborn, Roehl and McCloud, by H.S. Sanborn, and Orville A. Schulenberg, for applicants.

BY THE COMMISSION:

OPINION

In Application No. 20766 the Commission is asked to authorize Motor Coach Company to transfer as a unified and consolidated

system the operative rights mentioned in such application and the current assets, except \$300. of cash, and the liabilities referred to therein to Long Beach Motor Bus Company, and authorize Long Beach Motor Bus Company to issue 300 shares of its no par value common stock in payment for such operative rights and assets.

In Application No. 20767 the Commission is asked to authorize Motor Coach Company to transfer as a unified and consolidated system the operative rights mentioned therein and \$300. of cash, to Motor Coach Corporation and authorize Motor Coach Corporation to issue 300 shares of its no par value common stock in payment for such operative rights and cash.

The two matters were consolidated for the purpose of a hearing. We will dispose of both matters in this decision.

Motor Coach Company, a corporation, is engaged in the operation of a motor coach and bus system. It has \$60,000. of stock outstanding. As of December 31, 1935 the stock was owned by the following:-

Lang Transportation Company, Ltd.	\$57,595.
Lang Transportation Corporation	2,400.
Mike Lang	1.
Howard M. Lang	1.
Gene M. Lang Congdon	1.
Bruce Mason	1.
Orville A. Schulenberg	1.
	<u>\$60,000.</u>

The operative rights now possessed by Motor Coach Company are defined by Decision No. 28178 dated August 19, 1935, by Decision No. 28437 dated December 9, 1935, by Decision No. 28867 dated June 8, 1936, all in Application No. 20014; and by Decision No. 28908 dated June 16, 1936 in Application No. 20471. The rights granted by Decision No. 28178 were by that decision consolidated with the rights granted Motor Coach Company by

<u>Decision Nos.</u>	<u>Date</u>	<u>Application Nos.</u>
14097	9-27-24	10007
14798	4-15-25	10620
17589	11-10-26	13205
19290	1-23-28	14220
20954	4-12-29	15413
21084	5-11-29	15421
24418	1-25-32	17661

The order in Decision No. 28178 provides that the rights therein consolidated shall become a new and complete operating right granted Motor Coach Company in lieu of all its rights set forth in said order.

Generally speaking, it is proposed to transfer to Long Beach Motor Bus Company the operative rights necessary to conduct a common carrier passenger transportation service over the Grant Avenue Route, the Cherry Avenue Route, the Obispo Avenue Route in Long Beach and vicinity. These routes are specifically defined in Decision No. 20954 dated April 12, 1929 in Application No. 15413, referred to above. To the Long Beach Motor Bus Company will also be transferred the operative right granted Motor Coach Company by Decision No. 28867 dated June 8, 1936 in Application No. 20014, to conduct an automotive service for the transportation of passengers between Long Beach and the Long Beach Junior College over and along the routes defined by that decision.

All other operative rights of Motor Coach Company will be transferred to Motor Coach Corporation. This corporation will take over the operations between Long Beach and San Fernando and intermediate points and between Long Beach and Santa Monica and intermediate points, as authorized by Decision No. 28908 dated June 16, 1936 and by Decision No. 28178 dated August 19, 1935.

The Motor Coach Company proposes to transfer its current assets, except \$300. of cash, and its current liabilities, except amounts due Lang Transportation Company, Ltd., to Long Beach Motor Bus Company. The Motor Coach Company reports, as of August 31, 1936, its net assets which are to be transferred at \$12,497.59.

Applicants urge the Commission to grant these applications for the reason that they believe they can keep a more accurate record of the revenues and expenses if the "Cross Town Lines" operation is conducted by one corporation and the Long Beach-San Fernando and intermediate points operation by another corporation.

Filed with each application is a copy of a lease under which Lang Transportation Company, Ltd. agrees to lease to applicants, equipment. The leases provide that the lessor is willing to allow the lessees to use its passenger motor buses when the same are not needed by the lessor in its Long Beach operation.

The terms of the leases were questioned during the hearing by the presiding examiner. Subsequent to the hearing the following stipulation was filed:-

" IT IS STIPULATED AND AGREED BY THE LANG TRANSPORTATION COMPANY, LTD., a California corporation, that said company is the owner and operator of motor-bus transportation system operating along certain routes wholly within the City of Long Beach, County of Los Angeles, State of California, under franchise from said municipality and in connection therewith is also the owner of many passenger buses. That said LANG

TRANSPORTATION COMPANY, LTD. has additional buses which are not necessary in its local operations, and hereby agrees to furnish MOTOR COACH CORPORATION, a corporation, and LONG BEACH MOTOR BUS COMPANY, a corporation, with all necessary buses needed by either of said companies so long as either of said companies are operating a bus-transportation system under authority of the California Railroad Commission.

That said LANG TRANSPORTATION COMPANY, LTD. agrees to lease said buses on the same terms and conditions as those now in effect with the MOTOR COACH COMPANY, and that the term 'pay all operation or maintenance' shall not include depreciation or taxes, depreciation and taxes to be borne by the LANG TRANSPORTATION COMPANY, LTD.

That said LANG TRANSPORTATION COMPANY, LTD. hereby agrees that all books of said company, containing accounts and records of the cost of all equipment leased to MOTOR COACH CORPORATION and LONG BEACH MOTOR BUS COMPANY, and all expenses incurred in or charged to the operation thereof, shall be open at all times to inspection by the Railroad Commission of the State of California or its duly authorized agents or employees."

It is of record that the Long Beach Motor Bus Company, and the Motor Coach Corporation propose to operate under the same management and maintain the same and identical schedules, rates and tariffs as are now maintained by Motor Coach Company. The agreements under which they will lease equipment will be the same as the lease agreement between Motor Coach Company and Lang Transportation Company, Ltd. except as such lease agreements are modified by the stipulation filed in these proceedings.

It appears that under an agreement of November 21, 1932 Motor Coach Company performs certain schedules, etc. for Pacific Greyhound Lines, Inc. between Santa Monica and Long Beach. At the hearing it was stated that Motor Coach Corporation will assume the obligations of Motor Coach Company under the terms of said agreement. Operation under the agreement is authorized by Decision No. 25649 dated February 20, 1933, as amended in Application No. 18591.

Orville A. Schulenberg testified that the stock which Motor Coach Corporation desires permission to issue will be recorded on

the books of that company at a nominal value of one dollar per share, while the stock of Long Beach Motor Bus Company will be recorded at a value equal to the difference between the current assets and current liabilities it will acquire from Motor Coach Company.

O R D E R

The Commission having been asked to enter its order, as indicated in the foregoing opinion, a public hearing having been held before Examiner Fankhauser and the Commission having considered the record in these matters and being of the opinion that the issue of 300 shares of stock by each of applicants, Long Beach Motor Bus Company and Motor Coach Corporation, for the purposes herein stated is reasonably necessary and that the expenditures for such purposes are not in whole or in part reasonably chargeable to operating expenses or to income, and that Application No. 20766 and Application No. 20767 should be granted subject to the provisions of this order, therefore,

IT IS HEREBY ORDERED as follows:-

1. Motor Coach Company may, on or before December 31, 1936, transfer to Long Beach Motor Bus Company as a unified and consolidated system, that portion of its certificated automotive common carrier right for the transportation of passengers, granted by Decision No. 28178 dated August 19, 1935 and by Decision No. 28437 dated December 9, 1935 in Application No. 20014, necessary to conduct its "Cross Town Lines" business, the respective routes being defined in Decision No. 20954 dated April 12, 1929 in Application No. 15413, subject to all the restrictions and limitations set forth in said Decision No. 28178, and also the certificated automotive common carrier right for the transportation of passengers granted by Decision No. 28867 dated June 8, 1936 in Application No. 20014, sub-

ject to all the restrictions and limitations provided in said Decision No. 28867, and may also transfer, on or before December 31, 1936, to said Long Beach Motor Bus Company all of its furniture, fixtures, moneys, except \$300. in cash, accounts receivable and accounts payable, except an account payable to the Lang Transportation Company, Ltd.

2. In payment for the aforesaid properties Long Beach Motor Bus Company may, on or before December 31, 1936, issue 300 shares of its no par value common capital stock.

3. Motor Coach Company may, on or before December 31, 1936, transfer to Motor Coach Corporation as a unified and consolidated system, that portion of its certificated automotive common carrier right for the transportation of passengers, granted by Decision No. 28178 dated August 19, 1935 in Application No. 20014 which may not under the authority herein granted be transferred to Long Beach Motor Bus Company, subject to all the restrictions and limitations contained in said Decision No. 28178 and also the certificated automotive common carrier right for the transportation of passengers granted by Decision No. 28908 dated June 16, 1936 in Application No. 20471, subject to all the restrictions and limitations provided in said Decision No. 28908. The said Motor Coach Company may also transfer, on or before December 31, 1936, to said Motor Coach Corporation \$300. in cash.

4. Motor Coach Corporation may issue in payment for the aforesaid properties 300 shares of its no par value common capital stock.

5. If Motor Coach Corporation acquires the properties mentioned in paragraph three of this order, it may conduct the operations which Motor Coach Company is now conducting for Pacific Greyhound Lines, Inc., under the authority

granted by Decision No. 25649 dated February 20, 1933, as amended by Decision No. 26809 dated February 19, 1934, by Decision No. 27864 dated April 1, 1935 and by Decision No. 28593 dated February 24, 1936 in Application No. 18591.

6. The consideration being paid by the Long Beach Motor Bus Company and by the Motor Coach Corporation for the properties herein authorized to be transferred to them shall never be urged before this Commission or any other rate fixing body as a measure of the value of said properties for rate fixing or any purpose other than the transfer herein authorized.

7. Motor Coach Company and Long Beach Motor Bus Company and Motor Coach Corporation shall join immediately in common supplement to be filed in triplicate to the tariffs on file with the Commission in the name of Motor Coach Company, said Motor Coach Company on the one hand withdrawing and said Long Beach Motor Bus Company and said Motor Coach Corporation on the other hand accepting and establishing as their own such tariffs and all effective supplements thereto.

8. Motor Coach Company shall withdraw immediately the time schedules filed in its name with the Railroad Commission and Long Beach Motor Bus Company and Motor Coach Corporation shall file in triplicate in their name new time schedules which shall be identical with those now on file in the name of Motor Coach Company or time schedules satisfactory to the Commission.

9. 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 Long Beach Motor Bus Company or by Motor Coach Corporation unless written consent of the Railroad Commission has first been secured.

10. No vehicle may be operated by Long Beach Motor Bus Company or by Motor Coach Corporation under the authority herein granted unless such vehicle is owned by said applicants or is leased by them

under a contract or agreement on a basis satisfactory to the Railroad Commission. The lease agreements filed in these proceedings, as modified by the stipulation also filed in these proceedings are satisfactory to the Railroad Commission.

11. The Long Beach Motor Bus Company and the Motor Coach 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 said stock was issued and to whom said stock was issued.

DATED at San Francisco, California, this 2nd day of November 1936.

M B Lewis
Leon Whittell
W J Carr
Walter A. Moore
Frank R. Allen
Commissioners.