

Decision No. 31023

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of
NORMAN H. ROBOTHAM, D/B/A Mother
Lode Tours, Seller, and MOTHER
LODE TOURS, a corporation, Buyer,
for an order of the Railroad Com-
mission authorizing (a) the former
to sell and convey, and the latter
to purchase and acquire the proper-
ties and rights herein, and (b) the
latter to issue and sell part of its
capital stock.

Application No. 22008

BY THE COMMISSION:

ORIGINAL

O P I N I O N

In this proceeding the Commission is asked to enter its order authorizing Norman H. Robotham to sell and transfer and Mother Lode Tours, a corporation, to purchase and acquire the operative rights and properties referred to herein, and authorizing Mother Lode Tours, a corporation, to issue to Norman H. Robotham shares of its capital stock in such amount as the Commission may deem proper, as a consideration for the transfer to the corporation of said properties and rights of Norman H. Robotham and authorizing Mother Lode Tours, a corporation to sell \$13,100.00 worth of its common capital stock to pay indebtedness and to acquire additional equipment.

The Railroad Commission by decision No. 30205, dated October 4, 1937, in application No. 20445, granted to Norman H. Robotham, a certificate of public convenience and necessity authorizing him to operate an "automotive sight-seeing service as a common carrier of passengers and their baggage from San Francisco, as a point of origin, to San Francisco as a point of destination, via Sacramento,

Auburn, Coloma, Placerville, Sonora, Knights Ferry, and Stockton, with optional side trips from Plymouth to Fiddletown; Sutter Creek to Jackson via Volcano; Angels Camp to Calaveras Big Trees, via Murphys and Moaning Caves; Sonora to Jamestown via Sawmill Flat, Columbia and Shaw's Flat, subject to the restrictions that:

- A. No local service may be performed between any two or more points intermediate between termini.
- B. The service herein authorized is to be confined strictly to the sight-seeing tours hereinabove set forth and known as the "MOTHER LODE TOURS".

Norman H. Robotham, in the application now before the Commission, asks permission to transfer the aforesaid certificate of public convenience and necessity and the properties he has acquired to establish such transportation service, to the Mother Lode Tours, a newly organized corporation.

It is of record that Norman H. Robotham has acquired at a cost of \$2,985.37, one - eleven passenger Fitzjohn Chevrolet bus and that he has paid \$638.87 on the purchase price. He has also acquired office supplies, furniture and fixtures at a cost of \$717.00. In addition, he reports an expenditure of \$10,551.92 to establish his bus business. This expenditure he segregates as follows:

Franchise Expense	\$ 900.00
Printing bills, etc.	2,497.30
Advertising	231.00
Expense of office (8) months	1,080.00
Forty-two (42) trips over route of M.L. Tours, 21,000 miles @ 5¢ PCM	1,050.00
Hotel expenses on above trips	690.00
Stamps and mailing	382.81
Railway Express agency	74.66
Extra clerical help	84.15
Mailing list	1,162.00
Total	<u>\$ 8,151.92</u>
Eight months' time N. H. Robotham @ \$300.00	2,400.00
	<u>\$10,551.92</u>

We believe that Mother Lode Tours, a corporation should be allowed to issue to Norman H. Robotham eighty-three (83) shares of stock for his interest in the properties he has agreed to transfer to applicant corporation. This covers all the items referred to above.

We will allow Mother Lode Tours, a corporation to issue one hundred thirty one (131) shares of additional stock for the following purposes:

To pay balance due on Fitzjohn bus	\$2,347.00
To pay printing bills	1,058.60
To pay miscellaneous current bills	795.28
To purchase three new buses	<u>8,377.12</u>

The additional buses will not be acquired until such time as the development of the business makes their purchase advisable.

In granting Norman H. Robotham a certificate of public convenience and necessity, the Commission considered his testimony which was to the effect that he was able to finance fully the proposed service. He now informs us that the expense of establishing the business is greater than he anticipated and that he finds it necessary to interest others in the enterprise.

Mother Lode Tours is a corporation organized under the laws of the State of California, having its principal office for the transaction of business in the City of Placerville. The corporation has an authorized stock issue of five hundred (500) shares, which shares are without par value. We believe that such shares of stock as applicant, Mother Lode Tours, is herein authorized to issue should be issued on a basis of \$100.00 per share.

Applicant, Mother Lode Tours, a corporation, is hereby placed upon notice that "operative rights" do not constitute a class of property which should be capitalized or used as an element of value in determining reasonable rates. Aside from their purely permissive

aspect, they extend to the holder a full or partial monopoly of a class of business over a particular route. This monopoly feature may be changed or destroyed at any time by the state, which is not in any respect limited to the number of rights which may be given.

O R D E R

The Commission, having considered the request of applicants and it being of the opinion that this is not a matter on which a hearing is necessary, that Mother Lode Tours, a corporation, should be permitted to issue two hundred fourteen (214) shares of its no par value common capital stock for the purposes herein stated, and that the expenditures for such purposes are not in whole or in part reasonably chargeable to operating expenses or to income, and that this application should be granted, subject to the following provisions, therefore,

IT IS HEREBY ORDERED as follows:

- A. Applicant, R. H. Robotham D/B/A as "Mother Lode Tours" be, and he is hereby, authorized, to sell and transfer, and applicant, Mother Lode Tours, a corporation, to purchase, acquire and operate the certificate of public convenience and necessity referred to in the foregoing opinion and the properties described in Exhibit C filed in this proceeding, subject to the following conditions:
- (1) 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 the value of said property for rate fixing.
 - (2) Applicant, Norman H. Robotham D/B/A, "Mother Lode Tours" shall within twenty (20) days after the effective date of this order unite with applicant, Mother Lode Tours, a corporation in common supplement to the tariffs on file with the Commission covering service given under the certificate herein

authorized to be transferred, applicant Norman H. Robotham D/B/A "Mother Lode Tours" withdrawing and applicant, Mother Lode Tours, a corporation, accepting and establishing such tariffs and all effective supplements thereto.

- (3) Applicant, Norman H. Robotham D/B/A "Mother Lode Tours" shall within twenty (20) days after the effective date of this order withdraw all time schedules filed in his name with the Railroad Commission and applicant, Mother Lode Tours, a corporation, shall within twenty (20) days after the effective date of this order file, in duplicate, in its own name, time schedules covering service heretofore given by applicant Norman H. Robotham, D/B/A, "Mother Lode Tours", which time schedules shall be identical with the time schedules now on file with the Railroad Commission in the name of applicant, Mother Lode Tours, a corporation, or time schedules satisfactory to the Railroad Commission.
- (4) 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 applicant, Mother Lode Tours, a corporation unless written consent of the Railroad Commission has first been obtained.
- (5) No vehicle may be operated by applicant, Mother Lode Tours, 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.
- (6) The authority herein granted to sell and transfer said certificate of public convenience and necessity and property shall lapse and be void if the parties hereto shall not have complied with all the conditions within the periods of time fixed herein unless, for good cause shown, the time shall be extended by further order of the Commission.

B. Applicant, Mother Lode Tours, a corporation, may within twenty (20) days after the effective date of this order, issue eighty-three (83) shares of its no par value common capital stock to Norman H. Robotham in payment in full for his equity and interest in the properties which he is herein authorized to transfer to said Mother Lode Tours, a corporation.

- C. Applicant, Mother Lode Tours, a corporation, may, on or before July 1, 1939, issue at not less than \$100.00 per share one hundred thirty one (131) shares of its no par value common capital stock and use the proceeds to pay the indebtedness and acquire, if necessary, the additional equipment referred to in the foregoing opinion or for such other purposes as the Railroad Commission will authorize by its supplemental order or orders.
- D. Applicant, Mother Lode Tours, a corporation, shall keep such record of the issue, sale, and/or delivery of the stock herein authorized to be issued and of the expenditures of said proceeds as will enable it to file with the Railroad Commission a report, such as is required by the Commission's General Order No. 24, which order in so far as able, is made a part of this order.
- E. The authority herein granted will become effective fifteen days after the date hereof.

DATED at San Francisco, California, this 27th day of June 1938.

Walter H. ...
Frank ...
James R. ...
Ray ...
Ray & ...
COMMISSIONERS