

Decision No. 3887

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BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the application of CYRIL V. BENNETT, doing business as "Prairie Avenue Transit Line" for permission to sell and assign certain operative rights and property and to withdraw from the rendering of service within the City of Inglewood, California, and between said city and the City of Hawthorne and portions of Los Angeles County lying southerly of said City of Hawthorne, and of INGLEWOOD CITY LINES for permission to exercise said operating rights and for an order authorizing the issuance of certain securities.

ORIGINAL

Application No. 25373

BY THE COMMISSION:

O P I N I O N

Cyril V. Bennett, doing business as Prairie Avenue Transit Line, is operating a passenger service by motor coach between the City of Inglewood and 154th Street and Arlington Avenue in the County of Los Angeles, via Hawthorne and Lawndale in the County of Los Angeles, State of California. His operative rights are more particularly described in the following decisions:

- Decision No. 17285, dated August 27, 1926,  
in Application No. 12596
- Decision No. 20943, dated April 10, 1929,  
in Application No. 12596
- Decision No. 24691, dated April 18, 1932,  
in Application No. 12596
- Decision No. 25838, dated April 17, 1933,  
in Application No. 18810
- Decision No. 30943, dated June 6, 1938,  
in Application No. 21967
- Decision No. 33321, dated July 9, 1940,  
in Application No. 23560
- Decision No. 34046, dated March 25, 1941,  
in Application No. 23821.

Cyril V. Bennett asks permission to sell his operative rights, motor coach equipment, consisting of three busses and spare parts, and business to the Inglewood City Lines. The Inglewood City Lines asks permission to acquire said operative rights, motor coach equipment, properties and business and to issue 1,000 shares of its common capital stock of no par value at \$10 per share for the purposes hereinafter stated.

Upon the sale of said operative rights, motor coach equipment, properties and business, Cyril V. Bennett asks permission to withdraw from the business of furnishing passenger service by motor coach.

The Commission, by Decision No. 35990, dated December 1, 1942, in Application No. 25340, authorized Inglewood City Lines to acquire certain properties and business from Thomas R. Carpenter, doing business as Inglewood Transit Lines. By that decision the Commission authorized Inglewood City Lines, among other things, to issue 246 shares of its no par value common stock at not less than \$100 per share. In view of the action taken by the Commission in that decision, we believe that the stock, the issue of which will be authorized by the following Order, should be issued on the basis of not less than \$100 per share.

It is of record that Cyril V. Bennett has agreed to sell his operative rights, motor coach equipment, properties and business to Inglewood City Lines for \$12,000. It is further of record that the consideration is to be paid by Pacific City Lines, Inc., and that in order to cause Pacific City Lines, Inc. to pay the required purchase money and to obtain further necessary capital Inglewood City Lines desires to issue 1,000 shares

of its no par value common stock at \$10 per share, or for an aggregate consideration of \$10,000 and use the proceeds for the following purposes:

(a) Working capital.....	\$ 2,000
(b) Appraised value of physical properties of Cyril V. Bennett.....	5,500
(c) One Chevrolet bus to be purchased.....	<u>2,500</u>
Total	<u>\$10,000</u>

The Commission, by Decision No. 35990, dated December 1, 1942, authorized Pacific City Lines to use stock proceeds in the amount of \$9,970 for working capital and the repair of motor coach equipment purchased from Thomas R. Carpenter. We believe that this is sufficient working capital for the company and, therefore, will not authorize the issue of any additional stock for that purpose. The order herein will authorize Inglewood City Lines to issue 80 shares of its no par value common stock at not less than \$100 per share, or for a total consideration of not less than \$8,000, in payment for the physical properties of Cyril V. Bennett and the purchase of one Chevrolet bus.

There is no information before us showing what amount, if any, Cyril V. Bennett has expended to obtain the operative rights which he has agreed to sell to the Inglewood City Lines. In view of the absence of such information, we feel that if Inglewood City Lines acquires said operative rights and properties of Cyril V. Bennett it should charge to its capital accounts not exceeding the sum of \$8,000, which sum includes the cost of the Chevrolet bus to be purchased.

ORDER

The Commission having considered applicants' requests and it being of the opinion that this is not a matter on which a hearing is necessary; that the money, property or labor to be procured or paid for by the issue of the stock herein authorized is reasonably required by Inglewood City Lines for the purposes herein stated; that the expenditures for said 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 provisions of this Order, therefore,

IT IS HEREBY ORDERED as follows:

1. Cyril V. Bennett, doing business as Prairie Avenue Transit Line, may, after the effective date hereof and on or before January 31, 1943, sell to Inglewood City Lines, a corporation, the operative rights, motor coach equipment, properties and business referred to in the foregoing Opinion, and which are more particularly described in the petition in this proceeding and in the agreement filed on November 17, 1942. Inglewood City Lines may acquire and operate said operative rights, motor coach equipment, properties and business.

2. Inglewood City Lines may, after the effective date hereof and on or before January 31, 1943, issue at not less than \$100 per share 80 shares of its no par value common stock for the purpose of acquiring the aforesaid properties and business, including in said properties one Chevrolet bus.

3. Concurrently with the sale of said operative rights, motor coach equipment, properties and business, said Cyril V. Bennett, doing business as Prairie Avenue Transit Line,

may withdraw from his passenger transportation business conducted under said operative rights.

4. Applicants shall comply with the rules of the Commission's General Orders No. 79 and 80 and Part IV of General Order No. 93-A by filing in triplicate, and concurrently making effective, tariffs and time schedules satisfactory to the Commission, within thirty (30) days from the effective date of this Order and on not less than five days' notice to the Commission and to the public.

5. The authority herein granted will become effective when Inglewood City Lines has amended its Articles of Incorporation in conformity with the provisions of the Opinion in Decision No. 35990, dated December 1, 1942, and has filed with the Commission a certified copy of said amended Articles of Incorporation.

6. Inglewood City Lines shall file with the Railroad Commission a report showing the number of shares of stock issued under the authority herein granted, the consideration received for such stock and the purposes for which said consideration was expended.

7. The authority herein granted is subject to the provisions of Section 52(b) of the Public Utilities Act, and further to the condition that Inglewood City Lines, its successors and assigns shall never claim before this Commission or any court or any other public body, a value for said operative rights, or claim as a cost thereof an amount in excess of that

paid for said rights by those to whom said rights were originally granted.

Dated at San Francisco, California, this 8th day of December, 1942.

Justice J. Green

H. Baker

Francis R. Havenner

Richard H. ...

Commissioners