

Decision No. 38210

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of  
 Santa Barbara Transit Co., a corpora-  
 tion, for an Order of the Railroad  
 Commission of California authorizing  
 Mae A. Marton, sometimes known as Mae  
 A. Spreitz, sole owner and operator of  
 Spreitz Transportation system, to sell  
 and assign the whole of the automobile  
 passenger motor bus transportation sys-  
 tem of said Spreitz Transportation sys-  
 tem, together with its Certificate of  
 Public Convenience and Necessity and all  
 of the property and assets of said  
 Spreitz Transportation system necessary  
 or useful in the performance of its duties  
 to the public, to Santa Barbara Transit  
 Co., a corporation.

**ORIGINAL**

Application  
No. 26928

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BY THE COMMISSION:

OPINION AND ORDER

This is an application for an order of the Railroad Commission authorizing Mae A. Marton to sell her public utility passenger stage operative rights and properties to Santa Barbara Transit Co., a corporation, and authorizing Santa Barbara Transit Co. to issue 8,652 shares of its capital stock of the aggregate par value of \$86,520.

The application shows that Mae A. Marton, sometimes known as Mae A. Spreitz, is the sole owner and operator of the Spreitz Transportation System and that she is engaged in the business of operating buses for the transportation of passengers from within the City of Santa Barbara to and from the outlying suburban districts of Santa Barbara, Goleta and Carpinteria.

The operative rights under which she conducts this business were acquired by her pursuant to authority granted by this Commission by Decision No. 27401, dated September 29, 1934, in Application No. 19586, as modified by Decision No. 32507, dated October 31, 1939, in Application No. 23058.

For 1944, Mae A. Marton reports operating revenue of \$135,231.47. This includes \$23,767.80 from operating school buses and \$9,316.70 from special trips. Her net operating revenue before federal income tax is reported at \$44,662.62.

It appears that Mae A. Marton desires to transfer her properties and business to Santa Barbara Transit Co., a corporation recently organized for the purpose of receiving them, in exchange for \$86,420 par value of stock. In Exhibit "B" she reports the net value of the properties, as of June 30, 1945, at \$86,421.00, as follows:

Cash	\$ 27,001.72
Accounts receivable	2,239.25
Auto parts	2,997.56
Land	16,000.00
Buildings	16,740.72
Auto buses (15)	59,765.81
Fare boxes	660.96
Garage equipment	2,776.58
Furniture and fixtures	<u>1,909.20</u>
Total	130,091.80
Depreciation reserve	<u>43,670.80</u>
Balance	<u>\$ 86,421.00</u>

Nothing is included in the foregoing items for goodwill or the certificate of public convenience and necessity.

In addition to the \$86,420 of stock to be issued in exchange for properties, Santa Barbara Transit Co. proposes to issue \$100 par value of stock to its incorporators for cash.

The Commission has considered this matter and is of the ~~opinion~~ **opinion** that a public hearing is not necessary and that the

requests of applicants should be granted. In making the order herein the Commission wishes to place Santa Barbara Transit Co. upon notice that "operative rights" as such do not constitute a class of property which may be capitalized or used as an element of value in rate fixing for any amount of money in excess of that originally paid to the State as the consideration for the grant of such rights. 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 in the number of rights which may be given.

IT IS HEREBY ORDERED as follows:

1. Mae A. Marton may, on or before December 31, 1945, transfer her operative rights, properties and assets, referred to herein, to Santa Barbara Transit Co., a corporation.

2. Santa Barbara Transit Co., a corporation, may, on or before December 31, 1945, issue not exceeding \$86,420 par value of its capital stock in payment for said operative rights, properties and assets to be acquired from Mae A. Marton, and issue and sell, at par for cash, \$100 par value of its capital stock and use the proceeds for working capital, it being the opinion of the Commission that the money, property or labor to be procured or paid for through the issue of said \$86,520 of stock is reasonably required for the purposes herein stated, which purposes are not, in whole or in part, reasonably chargeable to operating expenses or to income.

3. Applicants shall comply with the provisions of General Orders Nos. 79 and 80 and Part IV of General Order No. 93-A

by filing, in triplicate, and concurrently making effective, appropriate tariffs and time tables within sixty (60) days from the effective date hereof and on not less than one (1) day's notice to the public and the Commission.

4. Santa Barbara Transit Co., a corporation, shall file with the Commission a report, or reports, as required by the Commission's General Order No. 24-A, which order, in so far as applicable, is made a part of this order.

5. The authority herein granted will become effective upon the date hereof.

6. The action taken herein shall not be construed to be a finding of value for any purpose other than the proceeding herein involved.

Dated at San Francisco, California, this 12<sup>th</sup> day of September, 1945.

Sheldon Anderson  
Justin F. Calver

Francis E. Clark

Leah P. Powell  
Commissioners