

ORIGINAL

Decision No. 39226

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of Los Angeles Trona Stages, Inc. for Order Authorizing Transfer of Franchises, Equipment and Other Assets of James R. Proper, Doing Business as Los Angeles Trona Stages, to Los Angeles Trona Stages, Inc., and for Order Authorizing Issue of Stock.)	
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	:	Application
)	No. 27631
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OPINION AND ORDER

This is an application for an order of the Railroad Commission authorizing James R. Proper to transfer certain motor carrier operative rights and properties to Los Angeles Trona Stages, Inc., a recently organized corporation, and authorizing said corporation to issue \$69,810 of its common stock.

The application shows that James R. Proper, doing business as Los Angeles Trona Stages, is engaged in the operation of motor vehicles for the transportation of passengers, baggage and express shipments weighing not more than 100 pounds each, between Los Angeles and Trona, via Mojave, Beechers Corners and West End, and also between the same termini via San Bernardino and Adelanto. His operating revenues have been reported at \$91,755 in 1943, at \$165,999 in 1944, at \$241,211 in 1945 and at \$92,874 during the first five months of 1946, and his net profit, after the payment of operating expenses, taxes (excluding income taxes) and other charges, and the provision for depreciation, at \$27,807 in 1943, at \$61,365 in 1944, at \$102,039 in 1945 and at \$29,962 for the first five months of 1946. His assets and

liabilities, as of May 31, 1946, are reported as follows:

<u>Assets</u>		
Current assets -		
Cash	\$ 5,883.91	
Accounts receivable	<u>24,573.80</u>	\$30,457.71
Fixed assets -		
Motor buses and trucks	107,570.97	
Shop machinery and equipment	2,320.43	
Furniture and fixtures	<u>987.79</u>	
	110,879.19	
Less--reserves for depreciation	<u>49,077.87</u>	61,801.32
Prepaid expenses and other deferred debits		<u>6,282.23</u>
Total assets		<u>\$98,541.26</u>
<u>Liabilities</u>		
Current liabilities -		
Accounts payable	\$ 5,533.18	
Notes payable	20,000.00	
Taxes payable	<u>3,190.73</u>	
Total liabilities		\$28,723.91
Proprietor's capital		<u>69,817.35</u>
Total		<u>\$98,541.26</u>

It appears that James R. Proper has caused the organization of Los Angeles Trona Stages, Inc., for the purpose of transferring thereto, in exchange for stock, all his fixed assets, accounts receivable and other assets used in his motor carrier operations, subject to the outstanding liabilities. In addition, he will transfer to the corporation the certificates of public convenience and necessity held by him.

The certificates of public convenience and necessity to be transferred to the corporation were acquired by James R. Proper under authority granted by the Commission by Decisions No. 35970, dated November 18, 1942; No. 36264, dated March 30, 1943; No. 37000, dated April 13, 1944; No. 37080, dated May 31, 1944; and No. 38310, dated October 16, 1945. The physical properties include thirteen passenger buses, one

pickup truck and one tow car reported on the balance sheet at a total cost of \$107,570.97 with an accumulated reserve pertaining to such equipment of \$47,960.27.

In payment for the properties to be transferred Los Angeles Trona Stages, Inc., proposes to assume the payment of the outstanding liabilities and to issue \$69,810 of its capital stock.

The Commission has considered this matter and is of the opinion that a public hearing is not necessary and that an order granting applicants' requests should be entered. In making this order the Commission is not making a finding of the value of the properties herein authorized to be transferred. Further, Los Angeles Trona Stages, Inc., is hereby placed 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 to the number of rights which may be given.

It is the opinion of the Commission that the money, property or labor to be procured or paid for through the issue of the \$69,810 of stock is reasonably required by Los Angeles Trona Stages, Inc., for the purpose specified herein, which purpose is not, in whole or in part, reasonably chargeable to operating expenses or to income, therefore,

IT IS HEREBY ORDERED as follows:

1. James R. Proper may, on or before October 31, 1946, transfer to Los Angeles Trona Stages, Inc., the certificates of public convenience and necessity acquired by him pursuant to authority granted by Decisions No. 35970, No. 36264, No. 37000, No. 37080 and No. 38310, and the other properties and assets referred to herein, subject to the outstanding liabilities, and Los Angeles Trona Stages, Inc., may acquire said certificates of public convenience and necessity, properties and assets, and may assume the payment of the outstanding indebtedness referred to herein.

2. Los Angeles Trona Stages, Inc., may, on or before October 31, 1946, issue not exceeding \$69,810 of its common capital stock in part payment for the properties of James R. Proper herein authorized to be transferred.

3. Applicants shall comply with the provisions of General Order No. 79 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 Commission and to the public.

4. Los Angeles Trona Stages, Inc., shall file a report of the issue of the stock as required by the Commission's General Order No. 24-A which order, insofar as applicable, is made a part of this order.

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

Dated at San Francisco, California, this 30th day
of July, 1946.

Harold C. Quinn
Justus J. Carr
Francis C. ...
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Harold P. ...
Commissioners