

Decision No. 39533

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application)
of JOSEPH MILLER, doing business)
as AIRLINE BUS COMPANY, to transfer)
assets, including certificate of)
public convenience and necessity, to)
AIRLINE BUS COMPANY, a corporation,)
and to issue stock.)

Application
No. 27870

ORIGINAL

O P I N I O N

This is an application for an order of the Railroad Commission authorizing Joseph Miller to transfer operative rights and properties to Airline Bus Company, a corporation, and authorizing Airline Bus Company to issue \$40,000 par value of its common capital stock.

It appears that Joseph Miller is the owner of certificates of public convenience and necessity granted by the Commission by Decision No. 29561, dated February 19, 1937, as amended, and by Decision No. 31331, dated October 3, 1938, as amended, authorizing the transportation, subject to the restrictions contained in said decisions as amended, of passengers, their baggage and newspapers between San Francisco and Los Angeles and certain intermediate points. For the year ending December 31, 1945, he reports his operating revenues at \$283,298, his operating expenses, including depreciation, at \$224,110, and his net operating revenue before any allowance for income taxes, at \$59,188.

The application shows that Joseph Miller now desires to incorporate his business and accordingly has caused the organization, on or about April 15, 1946, of Airline Bus Company, a

corporation, applicant herein. He proposes, subject to receiving permission from the Commission, to transfer to said corporation, in exchange for \$40,000 par value of stock, the certificates of public convenience and necessity referred to herein and the assets of his business now operated by him under the name of Air-line Bus Company, except the sum of \$43,984.30 in cash, subject to the outstanding liabilities.

In Exhibit "C" applicant Miller, doing business as Air-line Bus Company, reports his assets and liabilities, as of June 30, 1946, as follows:

<u>Assets</u>		
Cash in bank		\$ 44,984.30
Working funds		63.35
Accounts receivable		1,652.21
Tangible property:		
Equipment	\$104,518.98	
Reserve for depreciation	<u>52,287.19</u>	52,231.79
Intangible property		34,757.54
Prepayments		<u>4,455.86</u>
	Total assets	<u>\$138,145.05</u>
<u>Liabilities</u>		
Accounts payable		\$ 4,705.94
Taxes accrued and unpaid		7,194.11
Other		<u>3,200.24</u>
	Total liabilities	15,100.29
Deferred credit		25.65
Capital account		<u>123,019.11</u>
	Total	<u>\$138,145.05</u>

The Commission has made no finding of the cost or value of applicant Miller's tangible and intangible property and its order herein is not to be construed as binding the Commission to recognize the amounts reported in the foregoing balance sheet,

should they become involved in future proceedings, as proper measures of value upon which to base orders fixing rates or authorizing the issue of securities. The tangible assets appear to be ample to warrant the making of an order, at this time, authorizing the issue of \$40,000 of stock.

Airline Bus Company 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.

ORDER

Joseph Miller and Airline Bus Company, a corporation, having applied to the Railroad Commission for an order authorizing the transfer of properties and the issue of \$40,000 of stock, and the Commission having considered the matter and being of the opinion that a public hearing is not necessary, that the requests of applicants should be granted, as herein provided, and that the money, property or labor to be procured or paid for through the issue of said stock is reasonably required for the purpose specified herein, which purpose is not, in whole or in part, reasonably chargeable to operating expenses or to income,

IT IS HEREBY ORDERED as follows:

1. Joseph Miller, after the effective date hereof, may transfer to Airline Bus Company, a corporation, the certificates of public convenience and necessity and the properties referred to in the opinion preceding this order.

2. Airline Bus Company, after the effective date hereof and on or before December 31, 1946, may issue \$40,000 par value of its common capital stock in payment for the properties of Joseph Miller herein authorized to be transferred.

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

4. Airline Bus Company, within thirty (30) days after the issue of the stock herein authorized, shall file with the Commission a statement showing the journal entries used to record on its books the purchase of the properties of Joseph Miller, doing business as Airline Bus Company, and 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 twenty (20) days from the date hereof.

Dated at San Francisco, California, this 15th day
of October, 1946.

Harold P. Hills

Justice J. Craven

Scott Russell

R. Z. Anderson

Commissioners