

Decision No. 39849

ORIGINAL

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of)
Kent E. Walker, an individual, doing)
business as Nevada County Bus Line)

and)

Application)
No. 28103)

Nevada County Bus Line, a corporation,)
to sell and purchase certain operative)
rights and automotive equipment in)
consideration of stock.)
-----)

OPINION

By Decision No. 38817, dated April 2, 1946, the Commission authorized Nevada County Company to transfer the operative rights and passenger stage properties referred to in said decision to Kent E. Walker. He paid for the properties \$20,000 in cash and issued to the seller his note for \$10,000, payable in installments of \$450 per month or more, with interest at the rate of 5% per annum, payable monthly. Decision No. 38817 provides that if "Kent E. Walker acquires the properties he should charge not more than \$20,418.60 to the appropriate operating property accounts and materials and supplies, and \$200 representing filing fees to Account 151--Organization, all as defined in the uniform system of accounts prescribed for Class II motor carriers. The remainder of the purchase price should be charged to Account 155--Other Intangible Property, and thereafter amortized by charges to Account 720--Other Income Deductions, over a period of not exceeding five years from the effective date of this order, or write off the entire amount forthwith by a charge to proprietorship."

Kent E. Walker now asks permission to transfer his operative rights⁽¹⁾ and his passenger stage properties to Nevada County Bus Line, a corporation. The corporation has an authorized stock issue of 75,000 shares of the par value of \$1 each. It asks permission to issue to Kent E. Walker in payment for his properties, 20,418 shares of capital stock and assume the balance, \$8,200, due on said \$10,000 note. The tangible properties consist of the following:

(1)

List of Certificates of Public Convenience and Necessity Issued by Railroad Commission of the State of California

1. CRC Application No. 18390, CRC Decision No. 25170, dated September 12, 1932, authorizing passenger, baggage and express rights between Auburn and Nevada City, and intermediate points.
2. CRC Application No. 20928, CRC Decision No. 29475, dated January 18, 1937, authorizing transportation of passengers, baggage and express between Colfax and Nevada City, and intermediate points, excluding local service between Grass Valley and Nevada City.
3. CRC Application No. 26181, CRC Decision No. 38152, dated August 14, 1945, authorizing transportation of passengers, baggage and express between Nevada City, Grass Valley, Camp Beale, Hammonton and Marysville and intermediate points.
4. As said decisions are amended by CRC Application No. 22593, CRC Decision No. 31868, dated March 27, 1939, Application No. 22593, CRC Decision No. 32064, dated June 6, 1939, CRC Application No. 26181, CRC Decision No. 38152, dated September 12, 1945, CRC Application No. 27891, CRC Decision No. 39539, dated October 22, 1946.

Registered or Authorized rights granted by Interstate Commerce Commission.

1. Docket No. MC-61732.

Seven units of automotive equipment	\$14,900.00
Shop equipment	2,514.00
Shop tools and miscellaneous	346.55
Shop supplies	1,188.30
Office equipment	910.00
Ticket office equipment and supplies	<u>559.75</u>
Total	<u>\$20,418.60</u>

Nevada County Bus Line 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 in the number of rights which may be given.

O R D E R

The Commission has considered applicants' request and is 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 Nevada County Bus Line, a corporation, for the purposes herein stated, that such purposes are not, in whole or in part, reasonably chargeable to operating expenses or to income, and that this application should be granted as herein provided, therefore,

IT IS HEREBY ORDERED as follows:

1. Kent E. Walker may, after the effective date hereof and on or before April 1, 1947, sell and transfer to Nevada County Bus Line, a corporation, the certificates of public convenience and necessity and passenger stage equipment and properties described in this application. Nevada County Bus Line may acquire said operative rights and properties and issue, in payment therefor, 20,418 shares of its capital stock of the par value of \$1 per share and assume the balance due on the note issued by Kent E. Walker under the authority granted by the order in Decision No. 38817, dated April 2, 1946.

2. Kent E. Walker and Nevada County Bus Line 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 thirty (30) days after the transfer of said properties, and on not less than one (1) day's notice to the Commission and to the public.

3. Nevada County Bus Line shall file with the Commission a report, or reports, as required by the Commission's General Order No. 24-A, which order, insofar as applicable, is made a part of this order. It shall charge that part of the purchase price represented by the assumed indebtedness to Account 155--Other Intangible Property, and amortize the same by charges to Account 720--Other Income Deductions, within four (4) years after the effective date of this order.

4. The authority herein granted will become effective ten (10) days after the date hereof.

Dated at San Francisco, California, this 13th day of January, 1947.

Harold H. Kule
Justice J. Quince
Earl H. Powell
R. F. [unclear]
 Commissioners