

ORIGINAL

Decision No. 45304

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of Clayton Eslinger & Freddie L. Allen doing business as San Diego-Campo Bus Line to sell)	
And)	
San Diego Economy Line, Inc. to buy)	
And)	Application
as evidence of ownership therefore to issue ordinary stock equivalent to the value and in consideration for the transfer of the properties tangible and intangible of the San Diego-Campo Bus Line.)	No. 32022
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O P I N I O N

This is an application for an order authorizing Clayton Eslinger and Freddie L. Allen to sell and transfer operative rights and properties to San Diego Economy Line, Inc., a corporation, and authorizing said corporation to issue \$7,400 par value of its capital stock.

The application shows that Clayton Eslinger and Freddie L. Allen, partners doing business as San Diego-Campo Bus Line, are engaged in the operation of a passenger stage service between San Diego and Tecate and Norena Lake, and between San Diego and Homeland. Their financial statements on file with the Commission since 1947 show the following:

	<u>Operating Revenues</u>	<u>Operating Expenses</u>	<u>Net Revenues</u>
1947	\$ 8,391.96	\$ 7,836.31	\$ 555.65
1948	16,228.73	13,124.25	3,104.48
1949	14,498.95	10,780.67	3,718.28

For the eleven months ended November 30, 1950, the partners report net revenues of \$3,608.01.

It now appears that the partners desire to discontinue business as a partnership and that they have caused the organization of San Diego Economy Line, Inc. to take over the properties and to continue the operations. The agreement between the parties provides for the issue by the corporation, in payment for the properties and operative rights, of 74 shares of capital stock of the par value of \$100 each, of which 19 shares will be delivered to Clayton Eslinger, 19 shares to Freddie L. Allen, 18 shares to Mrs. Ellen Eslinger, and 18 shares to Alvetta Allen. The agreement indicates, however, that should the Commission authorize a greater or smaller number of shares of stock, such shares so authorized shall be considered as fulfilling the terms of the agreement so long as they be distributed substantially in the same proportion to the individuals named.

The properties to be transferred include a certificate of public convenience and necessity acquired under authority granted by Decision No. 42491, dated February 8, 1949, in Application No. 29953, and four buses, together with materials and supplies, records and corporate equipment. A pro forma statement of the assets and liabilities of the corporation, giving effect to the transfer of the properties and operative rights, is shown in Exhibit F as follows:

<u>Assets</u>		
Cash on hand		\$ 168.48
Material and supplies		510.00
Buses - Cost	\$9,750.00	
Depreciation	<u>5,262.28</u>	
Net		4,487.72
Intangible property		<u>2,100.00</u>
Sub-total		7,266.20
Corporate equipment		
Including corporation seal, record books, and other properties		<u>133.80</u>
	Total assets	<u>\$7,400.00</u>
<u>Liabilities and Net Worth</u>		
Liabilities (Equipment)		\$1,192.36
Net worth		<u>6,207.64</u>
	Total liabilities and net worth	<u>\$7,400.00</u>

The Commission has considered this matter and is of the opinion that the transfer will not be adverse to the public interest, but that the stock to be issued by the corporation should not exceed the net worth as reflected in the pro forma balance sheet. Accordingly, the order herein will authorize the corporation to issue shares of stock of the aggregate par value of \$6,200. Applicants have requested that the Commission's order, if it approves the transfer, be made effective immediately so as to permit the corporation to commence operations as of the beginning of the calendar year or as soon thereafter as may be possible.

San Diego Economy Line, 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 appears that Clayton Eslinger and Freddie L. Allen presently have on file Application No. 31981 for a certificate of public convenience and necessity to operate a passenger stage service between San Diego and Fletcher Hills, and that they have requested that such application be continued in the name of San Diego Economy Line, Inc. The parties to the present proceeding should file an amendment to Application No. 31981, requesting that the corporation be substituted in that proceeding as applicant in place of Clayton Eslinger and Freddie L. Allen.

O R D E R

The Commission having considered the above entitled matter, and being of the opinion that a public hearing thereon is not necessary; that the application should be granted, as herein provided; that the money, property or labor to be procured or paid for through the issue of the stock herein authorized is reasonably required by San Diego Economy Line, Inc. for the purpose specified herein; and that such purpose is not, in whole or in part, reasonably chargeable to operating expenses or to income; therefore,

IT IS HEREBY ORDERED as follows:

1. Clayton Eslinger and Freddie L. Allen, after the effective date hereof and on or before December 31, 1951, may sell and transfer to San Diego Economy Line, Inc. their certificate of public convenience and necessity and the properties referred to in this proceeding.
2. San Diego Economy Line, Inc., after the effective date hereof and on or before December 31, 1951, in payment for said certificate and properties, may assume the payment of outstanding indebtedness in the principal amount of approximately \$1,192 and may issue not exceeding \$6,200 par value of its capital stock.
3. The action taken herein shall not be construed to be a finding of the value of the properties herein authorized to be transferred.
4. On not less than five (5) days' notice to the Commission and to the public, applicants shall comply with the provisions of General Orders No. 79 and 80 and Part 19 of General Order No. 98, by filing, in triplicate, and concurrently making effective, appropriate tariffs and time tables.

5. San Diego Economy Line, Inc. shall file with the Commission a report as required by General Order No. 24-A, which order, insofar as applicable, is made a part of this order.

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

Dated at San Francisco, California, this 30th day of January, 1951.

A. E. Anderson
Justice J. C. Casser
Harold S. Kula
Harold S. Kula
Harold S. Kula
Commissioners