

Decision No. 45389**ORIGINAL**

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of:)

(a) Peter J. van Loben Sels, an
 individual doing business as Valley
 Transit Lines to sell and Valley
 Transit Lines, a California corpora-
 tion to purchase a passenger stage
 line between points in El Monte and
 in the vicinity thereof.)

Application
No. 32106

(b) Valley Transit Lines, a California
 corporation to issue and sell shares
 of its capital stock.)

-----)

O P I N I O N

This is an application for an order authorizing Peter J. van Loben Sels, an individual doing business as Valley Transit Lines, to sell passenger stage operative rights and properties to Valley Transit Lines, a corporation, and authorizing said corporation to issue 1,170 shares of stock, at \$10 a share, and to assume the payment of indebtedness.

van Loben Sels is, and for some years has been, engaged in operating buses for the transportation of passengers in and between El Monte and Temple City, Monrovia, Baldwin Park and other termini in Los Angeles County over and along certain routes. His financial reports on file with the Commission for the last three calendar years show revenues and expenses as follows:

	Operating Revenues	Operating Expenses	Net Income
1948	\$57,691.41	\$55,270.10	\$2,421.31
1949	61,801.82	61,301.53	500.29
1950	67,242.25	63,618.95	3,623.30

The application shows that van Loben Sels desires to separate his passenger carrier operations from his other activities

and that he proposes to transfer his operative rights and equipment to a corporation he has caused to be organized for the purpose of receiving the same and thereafter of continuing the operations. The properties to be thus transferred include eight buses and service equipment and the operative rights represented by the certificate of public convenience and necessity granted by Decision No. 44887, dated October 10, 1950, which was a certificate issued in lieu of earlier certificates, as modified by the certificate and authorization granted in the decision entered today on Application No. 32016 permitting the extension of present operations and the rerouting and abandonment of certain lines.

It appears that the corporation will acquire said properties at their book value. A pro forma statement of the assets to be acquired by it, and the liabilities to be assumed, as of January 1, 1951, is as follows:

Assets

Current assets -		
Cash	\$ 915.18	
Inventory	5,853.85	
Salary advances	20.00	
Total current assets		\$ 6,789.03
Deposits		260.00
Fixed assets -		
Cost of equipment	42,743.29	
Depreciation reserve	23,381.15	
Net fixed assets		19,362.14
Franchise and permits		50.00
Prepaid expense		1,649.87
	Total	<u>\$28,111.04</u>

Liabilities

Current liabilities -		
Loans and notes payable	\$ 3,541.91	
Conditional sales contracts	741.41	
Accrued liabilities	2,138.15	
Total current liabilities		\$ 6,421.47
Fixed liabilities (Due M.C.C. van Loben Sels)		10,000.00
Capital investment		11,689.57
	Total	<u>\$28,111.04</u>

The corporation proposes to assume the payment of the outstanding liabilities and to issue its shares of stock at \$10 a share to applicant van Loben Sels. In order to avoid fractional shares, a total of 1,170 shares will be issued, van Loben Sels paying in cash to the corporation the excess of approximately \$11 over the reported net investment in the assets.

The Commission has considered this application and is of the opinion that the transfer of operative rights and properties, as here proposed, will not be adverse to the public interest, that the money, property or labor to be procured or paid for through the issue of said 1,170 shares of stock is reasonably required by the corporation for the purpose specified herein, and that such purpose is not, in whole or in part, reasonably chargeable to operating expenses or to income.

The corporation 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.

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; and that the application should be granted, as herein provided;

therefore,

IT IS HEREBY ORDERED as follows:

1. Peter J. van Loben Sels, after the effective date hereof and on or before June 30, 1951, may transfer to Valley Transit Lines, a corporation, the operative rights represented by the certificates of public convenience and necessity granted to him by Decision No. 44887, dated October 10, 1950, and by the decision on Application No. 32016 entered today in that proceeding, together with the properties referred to in this application, and Valley Transit Lines, a corporation, may assume the payment of outstanding indebtedness of Peter J. van Loben Sels as indicated in the preceding opinion, and may issue 1,170 shares of its capital stock at \$10 a share to pay for said operative rights and properties and to provide working capital.

2. The action taken herein shall not be construed to be a finding of the value of the rights and properties herein authorized to be transferred.

3. On not less than five (5) days' notice to the Commission and to the public, applicants shall comply with the provisions of General Order No. 79 and Part 19 of General Order No. 98 by filing, in triplicate, and concurrently making effective, appropriate tariffs and time tables.

4. Valley Transit Lines, a corporation, shall file with the Commission a report, or reports, as required by 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 after the date hereof.

Dated at Los Angeles, California, this 27th day of
February, 1951.

Justus J. Cameron
Harold P. Kula
John E. Mitchell

Commissioners