

**ORIGINAL**

Decision No. 51578

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of CAPITOL TRANSPORTATION )  
 CO., a California corporation, to )  
 operate automotive service for the )  
 common carrier transportation of )  
 passengers, baggage and express )  
 between Sacramento and the Sacramento )  
 Municipal Airport; for a certificate )  
 of public convenience and necessity; )  
 to establish rates and to issue )  
 shares of common stock of the cor- )  
 poration. )

Application No. 37001

O P I N I O N

In the above-entitled proceeding Capitol Transportation Co., a California corporation, requests authority to issue common stock in amounts and for purposes hereinafter set forth. It also seeks a certificate of public convenience and necessity authorizing it to establish and operate a service as a passenger stage corporation, as defined in Section 226 of the Public Utilities Code. Applicant proposes to transport passengers, baggage and express between Sacramento and Sacramento Municipal Airport. Intermediate service is not proposed. The passenger service would be limited to the transportation of air-line passengers, persons accompanying air-line passengers, and air-line and airport employees. The fares, rates and charges, and rules and regulations applicable thereto would be the same as those presently charged and applied by Teddy's Taxi Corporation<sup>1/</sup> which at this time operates between Sacramento and the airport involved.

As justification for the operative authority sought, applicant alleges that presently Teddy's Taxi holds an operative

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<sup>1/</sup> Sometimes hereinafter referred to as Teddy's Taxi.

right between Sacramento and the Sacramento Municipal Airport to transport passengers, baggage and express; that Teddy's Taxi is indebted to the United States Internal Revenue Service in the approximate sum of \$30,000; that the assets of Teddy's Taxi consist of automotive and office equipment worth approximately \$7,000; that the United States Government holds a certificate of ownership of all automotive equipment of Teddy's Taxi except two small cars; ✓ and that the Director of Internal Revenue has given final warning to Teddy's Taxi that the United States Government is about to seize all of the physical assets of Teddy's Taxi, which will be sold at a public sale in satisfaction of unpaid taxes. It is further alleged that the Director of Internal Revenue is temporarily permitting Teddy's Taxi to use such equipment as is needed to continue operation between Sacramento and the Municipal Airport until a sale of the assets of Teddy's Taxi can be held and another carrier established in the operation, so that public service will not be interrupted. This arrangement is allowed subject to the provision that the net receipts be turned over to the Director's office at 8 a.m. each day following the day of operation.

The application further states that Teddy's Taxi and applicant have entered into an agreement pursuant to which the latter would take over the operation of service between Sacramento and the airport. Applicant asserts that it proposes to make a bid for the physical assets of Teddy's Taxi when they are seized by the Director of Internal Revenue and offered for sale. Applicant's certified check in the amount of \$7,000 has been posted for that purpose.

According to its Articles of Incorporation, attached to the application as Exhibit A, the applicant herein, Capitol Transportation Co., was organized as of May 16, 1955. It has three

directors, one of whom is C. Otis Hanna, who is also its president. The total number of shares which the corporation may issue is 75,000, which have a par value of \$1.00 each. All of its stock is classified as common stock.

According to Exhibit D attached to the application, C. Otis Hanna owns four Flxible motor coaches which he proposes to tender to the corporation in exchange for 10,000 shares of its common stock. Applicant also proposes to issue to C. Otis Hanna 3,000 shares of its common stock for \$3,000 cash to be used as working capital. Applicant also proposes to issue to C. Otis Hanna that number of shares of its common stock which would equal the number of dollars he would pay to the Director of Internal Revenue for the assets of Teddy's Taxi in the event that his bid at the sale of those assets should be accepted.

After full consideration in this proceeding the Commission is of the opinion and hereby finds that public convenience and necessity require the establishment and operation of the passenger stage service proposed by applicant. As that service will be identical with and supersede that heretofore performed by Teddy's Taxi Corporation no other carriers would be adversely affected.

With respect to applicant's request to issue shares of its stock, we find the public interest requires that applicant be authorized to issue 3,000 shares of its capital stock to C. Otis Hanna in exchange for \$3,000 cash, and also to issue to him 10,000 additional shares of its common stock in exchange for four Flxible buses as described in Exhibit C attached to the application.

Applicant's request to issue an unspecified number of shares of capital stock to C. Otis Hanna in exchange for certain assets of Teddy's Taxi Corporation as referred to above will be

held in abeyance until a determination as to the cost of the equipment to be acquired can be reached.

Applicant is 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 as to the number of rights which may be given.

O R D E R

The Commission having fully considered the above-entitled matter and being of the opinion that a public hearing therein is not necessary, that the application should be granted as herein provided, that the money, property or labor to be procured or paid for by the issue and sale of the shares of stock herein authorized is reasonably required by applicant corporation for the purposes specified herein, and that the purposes are not, in whole or in part, reasonably chargeable to operating expenses or to income; therefore,

IT IS ORDERED:

(1) That a certificate of public convenience and necessity is hereby granted to Capitol Transportation Co., a corporation, authorizing the establishment and operation of service as a passenger stage corporation as defined in Section 226 of the Public Utilities Code, for the transportation of air-line passengers, persons accompanying air-line passengers, air-line and airport

employees, baggage and shipments of express weighing 200 pounds or less, on passenger-carrying vehicles only, between Sacramento and Sacramento Municipal Airport.

(2) That in providing service pursuant to the certificate herein granted, applicant shall comply with and observe the following regulations:

- (a) Within sixty days after the effective date hereof applicant shall file a written acceptance of the certificate herein granted.
- (b) Within sixty days after the effective date hereof, and upon not less than one day's notice to the Commission and to the public, Capitol Transportation Co. shall establish the service herein authorized and file in triplicate, and concurrently make effective, tariffs and timetables satisfactory to the Commission, such tariffs to contain fares, rates, rules and regulations the same as now contained in Teddy's Taxi Corporation's Local Passenger and Express Tariff No. 2, Cal. P.U.C. No. 2 (series of Teddy Pappas and Ruth Demas, copartners, doing business as Teddy's Taxi Co.) and Supplements 1 and 2 thereto.
- (c) Subject to the authority of the Commission to change or modify it at any time by further order, applicant shall conduct service herein authorized over and along the following route:

Beginning at Sacramento Municipal Airport thence along Freeport Boulevard, Broadway, 16th Street, K Street, 12th Street, L Street, 15th Street and Broadway, and within a one-mile radius from the Senator Hotel.

Applicant is authorized to turn its motor vehicles at intersections or intermediate points, either in the intersection of the streets or by operating around a block contiguous to such intersection in either direction as traffic requirements of the municipality may require.

(3) That applicant may issue \$10,000 par value of its common stock in exchange for four units of passenger stage equipment and

may issue and sell, at par value for cash, not exceeding \$3,000 of common stock to provide working capital.

(4) That applicant shall file with the Commission monthly reports as required by General Order No. 24-A, which order, in so far as applicable, is made a part of this order.

This order shall become effective as of the date hereof.

Dated at San Francisco, California, this \_\_\_\_\_ day of \_\_\_\_\_, 1955.

John E. Mitchell  
President  
Raymond L. ...  
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Commissioners