

ORIGINALDecision No. 52802

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of)
 SOUTHERN CITIES TRANSIT, INC., to)
 acquire the Certificates of Public)
 Convenience and Necessity for the)
 transportation of passengers by bus)
 in the County of Los Angeles from)
 DEAN CARSON, dba HOLBROOK-BENTON)
 LINES.)

Application No. 35592
 (First Supplemental)

S U P P L E M E N T A L O P I N I O N

Decision No. 50948, dated January 4, 1955, in this proceeding authorized Southern Cities Transit, Inc., to acquire the passenger stage operations, including the rights and properties, of Dean Carson, doing business as Holbrook-Benton Lines. The exercise of the authority granted was made subject to conditions that Southern Cities Transit, Inc., and Dean Carson would submit a supplemental application for designation of the amount and form of the payment to be made to Dean Carson for the properties transferred and that Southern Cities would submit data showing the financial results of its consolidated services for a representative period. This supplemental application was filed to comply with these conditions.

By this application Southern Cities Transit, Inc., seeks authority to pay to Dean Carson for his Holbrook-Benton properties the sum of \$1,000, said payment to be in the form of a demand promissory note of that amount and bearing interest at the rate of 4 per cent per annum. According to the application, the net valuations of the properties which would be covered by this payment were, as of December 31, 1954, the approximate date of the transfer, as follows:

Tangible Property

12 ACF Brill buses	\$12,000.00	
7 Ford Transit buses	4,666.67	
Office equipment	1,000.00	
Shop and garage equipment	<u>1,500.00</u>	
Total Tangible Property		\$19,166.67
Franchises		1,350.00
Good will		<u>28,650.00</u>
Total		\$49,166.67

The properties to which Decision No. 50948 applied included certain current assets as well as the assets designated as tangible property, franchises and good will. In addition to authorizing Southern Cities Transit, Inc., to acquire these properties, the decision also authorized the transit company to assume certain liabilities totalling approximately \$27,500. Assertedly, prior to the time that the transfer was completed, the current assets were used in the liquidation of the liabilities with the result that the foregoing properties represent the net properties which were transferred to Southern Cities Transit, Inc., and for which payment is herein proposed to be made.

With respect to its financial results under the consolidated services, Southern Cities Transit, Inc., submitted the following data covering operations from January 1, 1955, through October 31, 1955:

Operating Revenues	\$308,162.85
Operating Expenses	<u>301,319.73</u>
Net Operating Revenues (before income taxes)	\$ 6,843.12

In the initial phase of this proceeding Southern Cities Transit, Inc., sought authority to acquire the Holbrook-Benton properties of Dean Carson for a consideration in the form of a demand note for \$39,088.48. This consideration was not approved

for reasons, as set forth in Decision No. 50948, that it appeared that the data upon which the consideration was developed were incorrect and that, furthermore, it was questionable whether Southern Cities Transit, Inc., could assume the liability of a demand note of that amount without jeopardizing the stability of its operations. The modified proposal contained in this supplemental application is not subject to these objections. It appears that authorization of the proposed payment will not be adverse to the public interest in the matter. The payment will be authorized for the purpose of enabling applicants to effect a settlement between themselves for the above-described properties. The payment for such purpose is not, in whole or in part, chargeable to operating expenses or income. In approving this payment, the Commission makes no finding of the value of the properties involved.

The requirement that Southern Cities Transit, Inc., submit data showing the financial results of its consolidated operations for a representative period was made in order that the Commission might be informed of the effect upon the transit company's operations of various fare changes which were authorized by Decision No. 50948. It is clear from the data presented in this supplemental application that the transit company's consolidated operating results under the adjusted fares have not resulted in excessive earnings. Further inquiry along this line need not be made at this time.

Public hearing of the various matters involved herein is not necessary. The order which follows will be made effective March 31, 1956, in order to avoid lapse of time limitations imposed in connection with conditions under which Southern Cities Transit, Inc., acquired Dean Carson's Holbrook-Benton properties.

O R D E R

Based upon the conclusions and findings contained in the preceding opinion,

IT IS HEREBY ORDERED that:

1. Southern Cities Transit, Inc., be, and it hereby is, authorized to pay to Dean Carson the sum of \$1,000 as full payment for the Holbrook-Benton properties of Dean Carson which Southern Cities Transit, Inc., acquired from Dean Carson pursuant to Decision No. 50948 in this proceeding, and which are listed in the preceding opinion.
2. Within 60 days after the issuance of said note, Dean Carson and Southern Cities Transit, Inc., shall join together in the filing with the Commission of a verified and receipted copy of the sales agreement covering the aforesaid properties, said sales agreement to become part of the record herein.
3. The conditions contained in paragraphs 3b and 3c of the Order in Decision No. 50948 in this proceeding be, and they hereby are, canceled.
4. The authority herein granted shall expire 90 days after the effective date of this order.

This order shall become effective March 31, 1956.

Dated at San Francisco, California, the 19th day of March, 1956.

John E. Mitchell President
Justin J. Caswell
Ray L. Winterman
Mark F. Dooly
R. Huntz Commissioners