

ORIGINAL

Decision No. 54324

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of Napa Valley Bus Corporation for certificate of public convenience and necessity to conduct operations as passenger stage corporation in Napa and adjacent unincorporated area in Napa County and to issue shares.

Application No. 38425

A. R. Linn, for applicant.
Charles E. Bridgett, for the Commission staff.

O P I N I O N

By this application filed September 20, 1956, Napa Valley Bus Corporation, a corporation, requests a certificate of public convenience and necessity authorizing service as a passenger stage corporation over four routes in and in the vicinity of Napa, California. Authority is also requested to issue \$25,000 par value of its capital stock for the purpose of purchasing two new Wayne buses, to provide \$1,000 working capital and for the payment of \$12,000 to Howard Smith, its president, who is at present carrying on part of the operation sought to be certificated, in payment for labor, materials, equipment and cash advanced.

Public hearing was held in Napa on November 15, 1956, before Examiner Rowe at which time evidence both oral and documentary was adduced and the matter submitted for decision.

Fifty public witnesses appeared and testified that there is a great public need for the services proposed. The president

of applicant has been rendering service over two of the proposed routes for over a year. He has experienced a per mile cost of 19 cents and a revenue of 28 cents per mile. The Board of Supervisors of the county has officially approved the application. Two city councilmen and the Mayor of Napa appeared and urged granting the application. In view of the testimony the Commission finds that public convenience and necessity require granting the application for all four routes proposed.

Applicant proposes a basic 20-cent fare for adults and 10 cents for children. An addition of 5 cents is contemplated where persons are transported over more than one route or between zones. A five-ride ticket at the rate of 95 cents is also proposed.

When and if service is inaugurated on the two new routes applicant will be required to purchase two new buses at a cost of \$6,400 each. According to the applicant's president one of these buses must be purchased even though his operations should be restricted to the two routes presently served. In view of the bus operating experience of this witness, and if the public support shown at the hearing materializes, it appears that the entire operation as proposed might be performed on a self-sustaining basis.

According to the testimony of this witness the old buses purchased by him from a prior operator constitute little more than junk and must be replaced. The \$2,250 which he paid for this old equipment must be treated as a poor investment and may not be included as representing any value in the issuance to him of corporate stock. Corporate stock issued to this witness must be restricted to actual cash furnished directly to the corporation and

to the market value of material and equipment transferred by him. The value of his past labor may be considered only to the extent it has contributed to the capital value of property transferred. Therefore, in our opinion the tangible property and working capital to be acquired by Napa Valley Bus Corporation is ample to support the proposed stock issue of \$25,000 only to the extent of \$22,000 par value and we hereby find that such issue is reasonably required for the purpose specified herein and that such purpose is not, in whole or in part, reasonably chargeable to operating expenses or to income.

Napa Valley Bus Corporation, a corporation, is hereby placed on 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

Application therefor having been filed, public hearing having been held and the Commission having found that public convenience and necessity so require,

IT IS HEREBY ORDERED:

(1) That a certificate of public convenience and necessity is granted to Napa Valley Bus 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 passengers between the points and over the routes as more particularly set forth in Appendix A attached hereto and made a part hereof.

(2) That in providing service pursuant to the certificate herein granted, there shall be compliance with the following service regulations:

- (a) Within thirty 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 on not less than five days' notice to the Commission and the public, applicant shall establish the service herein authorized and file in triplicate and concurrently make effective tariffs satisfactory to the Commission.

(3) That applicant is authorized to temporarily alter any of its routes so as to comply with any applicable one-way street requirements as provided in any city or county ordinance hereafter adopted, provided applicant shall file an application with the Commission within thirty days after such temporary route change requesting that such change become permanent.

(4) That Napa Valley Bus Corporation, a California corporation, in acquiring the operative equipment referred to in the opinion hereto or to procure cash may issue not to exceed \$22,000 par value of its capital stock with a par value of each share of \$5.00 and shall receive therefor either cash in said amount or an equivalent value of operative equipment.

(5) That applicant shall file a report or reports, as required by General Order No. 24-A, which order, in so far as applicable, is made a part of this order.

(6) That applicant shall file with the Commission a copy of each journal entry used to record on its books the acquisition of the property to be used for operative purposes and the distribution of the purchase price to primary accounts, such filing to be made within thirty days after the date of such entries.

The effective date of this order shall be twenty days after the date hereof.

Dated at San Francisco, California, this 27th day of December, 1952

[Signature]
President
[Signature]
[Signature]
[Signature]

Commissioners

Commissioner C. Lyn Fox, being necessarily absent, did not participate in the disposition of this proceeding.

Napa Valley Bus Corporation, by the certificate of public convenience and necessity granted in the decision as hereinafter numbered in Application No. 38425, is authorized to transport passengers between points in the City of Napa and adjacent unincorporated areas in the County of Napa serving intermediate points, all as hereinafter stated on the following pages.

Motor vehicles may be turned at termini or intermediate points, in either direction, at intersections or by operating around a block contiguous to such intersection, or in accordance with local traffic regulations.

When route descriptions are given in one direction, they apply in either direction, unless otherwise indicated.

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Subject to the authority of this Commission to change or modify such at any time, Napa Valley Bus Corporation shall conduct said passenger stage operations between the following points:

Route No. 1 - Westwood-De Vita Tract Route

Commencing at the intersection of First and Main Streets in the City of Napa, thence along First Street, Randolph Street, Third Street, Jefferson Street, Laurel Street, Avon Street, Harrison Street, Archer Avenue, Bryan Avenue, Chelsea Avenue, Westwood Avenue, Laurel Street, Kilburn Avenue, Homewood Avenue, Laurel Street, Foothill Boulevard, Sonoma Road, Seymour Street, Spruce Street, South Coombs Street, Second Street and Main Street to the point of origin.

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Route No. 2 - High School-Vista Manor Route

Commencing at the intersection of First and Main Streets in the City of Napa, thence along First Street, Jefferson Street, Lincoln Street, Main Street, Pueblo Avenue, Jefferson Street, Menlo Avenue, Sacramento Street, Pueblo Street, Solano Avenue, Redwood Road, Carol Drive, West Pueblo Avenue, Massa Drive, West Park Avenue, Solano Avenue, Lincoln Avenue, Jefferson Street, First Street, Brown Street, Second Street and Main Street to the point of origin. Also along Jefferson Street between First and Third Streets when required for operational purposes.

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Route No. 3 - Imola Avenue Route

Commencing at the intersection of Main and First Streets, thence along First Street, East Avenue, Coombsville Road, Terrace Drive, Shurtleff Avenue, Imola Avenue, Harding Street, Shetler Avenue, Shurtleff Avenue, Terrace Drive, Coombsville Road and First Street to the point of commencement.

Route No. 4 - Vichy Avenue Route

Commencing at the intersection of First and Main Streets, thence along First Street, East Avenue, Silverado Trail, Monticello Road, Vichy Avenue, Hagen Road, Silverado Trail, East Avenue, First Street, Brown Street, Second Street, Main Street, to the point of commencement.

End of Appendix A

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