

ORIGINALDecision No. 59142

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of Ray J. Campbell, doing business as San Clemente Stage Lines, to sell and transfer to San Clemente Stage Lines, Inc., a corporation, to purchase and acquire certificates of public convenience and necessity, to operate a passenger stage service.

Application No. 41472

O P I N I O N

This is an application for an order (1) authorizing Ray J. Campbell to transfer operative rights and equipment to San Clemente Stage Lines, Inc., and (2) authorizing San Clemente Stage Lines, Inc., to issue 10 shares of common stock and to assume payment of liabilities.

The application shows that Ray J. Campbell, doing business as San Clemente Stage Lines, is engaged in operating a passenger stage line between the City of San Clemente and various camps, under and pursuant to operative rights granted by the Commission by Decision No. 51225, dated March 21, 1955, as amended and supplemented by Decision No. 51394, dated April 26, 1955. His financial statement as of July 1, 1959, shows the following:

Fixed assets -		
Cost	\$69,455.53	
Less - depreciation	<u>31,940.70</u>	
Net fixed assets		\$37,514.83
Current assets		<u>11,362.39</u>
Total assets		<u>48,877.22</u>
Less - contracts payable		<u>45,877.22</u>
Balance - net worth		<u>\$ 3,000.00</u>

The outstanding contracts are payable to Crown Coach Co. in monthly installments aggregating \$1,042.20, or \$12,506.40 annually.

Applicant Campbell has reported, for 1958, operating revenues of \$86,500 and net income of \$31,459, before depreciation, and for the first six months of 1959, operating revenues of \$61,190 and net income of \$23,290, before depreciation.

It appears that applicant Campbell now desires to conduct his operations under a corporate form of organization, that he has organized San Clemente Stage Lines, Inc., and that he proposes to transfer his assets and liabilities to it in exchange for 10 shares of stock, without par value, but having a stated value of \$300 a share. The verified application shows that the transfer will not result in any change in service and that the new corporation will utilize the same equipment now operated by applicant Campbell and that it will adopt the present rates and time schedules.

In reviewing this matter, we are of the opinion, and so find, that the proposed transfer will not be adverse to the public interest and should be authorized. Applicant 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. Applicant is further placed on notice that as a public utility corporation it will be required to set up accounting records designed to produce the information called for in the uniform system of accounts prescribed by the Commission and to file annual reports of the results of its operations when called upon to do so.

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

O R D E R

The Commission having considered the above-entitled matter and being of the opinion that a public hearing 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 shares of stock herein authorized 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; therefore,

IT IS HEREBY ORDERED as follows:

1. Ray J. Campbell, doing business as San Clemente Stage Lines, may transfer his operative rights and equipment, on or before December 31, 1959, to San Clemente Stage Lines, Inc.

2. San Clemente Stage Lines, Inc., in acquiring such operative rights and equipment may assume the payment of outstanding liabilities and may issue not to exceed 10 shares of its common stock.

3. On not less than five days' notice to the Commission and to the public, effective concurrently with the consummation of such transfer, applicants shall supplement or reissue the tariffs and timetables on file with the Commission naming rates, rules, regulations and schedules governing the common carrier operations here involved to show that Ray J. Campbell, doing business as San Clemente Stage Lines, has withdrawn or canceled and San Clemente Stage Lines, Inc., a corporation, has adopted or established, as its own, said rates, rules, regulations and schedules. The tariff filings made pursuant to this order shall comply in all respects with the regulations governing the construction and filing of tariffs set forth in the Commission's General Order No. 79.

4. San Clemente Stage Lines, Inc., 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 authorization herein granted will become effective 20 days after the date hereof.

Dated at San Francisco, California, this 13th day of October, 1959.

President
Walter J. [illegible]

[illegible]

Richard [illegible]

Commissioners