

ORIGINAL

Decision No. 65622

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application
of CENTRAL COAST BUS SYSTEM, a
California corporation, for a
permit to issue and sell its
securities.

Application No. 45484
Filed June 3, 1963

In the Matter of the Application
of CHARLES FLOYD HUSHBECK,
SAMUEL FOX, HYMAN FOX, and
RAYMOND FOX, doing business as
CENTRAL COAST BUS SYSTEM,

Application No. 45509
Filed June 10, 1963

for authorization to transfer
Certificate of Public Convenience
and Necessity to CENTRAL COAST
BUS SYSTEM, a California
corporation.

O P I N I O N

In these proceedings the Commission is asked to authorize the transfer of certain passenger stage operative rights and equipment and the issue of notes and shares of stock.

The applications show that Charles Floyd Hushbeck, Samuel Fox, Hyman Fox and Raymond Fox, doing business as Central Coast Bus System, are engaged in operating a passenger stage service between Vandenberg Air Force Base and Santa Maria,

between Vandenberg Air Force Base and Lompoc, and between Santa Maria and Orcutt and intermediate points, all under a certificate of public convenience and necessity granted by the Commission by Decision No. 64766, dated January 8, 1963, in Application No. 44580; that it has been, and is, their intention to have the operations conducted by a corporation; and that they have organized Central Coast Bus System, a corporation, to take over the certificate and the operating equipment and to continue the operations.

The equipment to be transferred consists of four units of rolling stock, shop and office equipment, and parts, all having a reported total value of \$8,111.34. No value is assigned to the operative rights for the purpose of the transfer. One of the units of equipment is subject to an outstanding note and chattel mortgage in the amount of \$1,473.68.

Central Coast Bus System, a corporation, in exchange for said rights and equipment and \$10,630.39 in cash proposes to issue \$10,000 par value of its common stock and two 6% notes, one to Charles Floyd Hushbeck in the face amount of \$4,487.66 and the other to Fox Bros. in the face amount of \$2,780.39, each note payable on or before five years after date of issue, and to assume the outstanding note and mortgage.

The Commission has considered this matter and finds that the proposed transfer will not be adverse to the public interest; that the money, property or labor to be procured or paid for by the issue of the notes and stock herein authorized is reasonably required for the purposes specified herein; and that such purposes are not, in whole or in part, reasonably chargeable to operating expenses or to income. A public hearing is not necessary.

Central Coast Bus System 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, such rights extend to the holder a full or partial monopoly of a class of business over a particular route. This monopoly feature may be modified or canceled at any time by the State, which is not in any respect limited as to the number of rights which may be given.

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

O R D E R

IT IS ORDERED that:

1. On or before December 31, 1963, Charles Floyd Hushbeck, Samuel Fox, Hyman Fox and Raymond Fox may sell and transfer, and Central Coast Bus System may purchase and acquire, the certificate of public convenience and necessity granted by Decision No. 64766, dated January 8, 1963, in Application No. 44580, together with the equipment as set forth in these applications.

2. Central Coast Bus System, for the purpose of acquiring said certificate and equipment and for cash, may issue not to exceed \$10,000 par value of common stock and two notes, one in the face amount of not to exceed \$4,487.66 and the other in the face amount of not to exceed \$2,780.39, and may assume the payment of an outstanding note and chattel mortgage in the face amount of \$1,473.68.

3. Within thirty days after the consummation of the transfer herein authorized, Central Coast Bus System shall notify the Commission, in writing, of that fact and within said period shall file with the Commission a true copy of any bill of sale or other instrument of transfer which may be executed to effect said transfer.

4. Central Coast Bus System shall amend or reissue the tariffs and timetables on file with the Commission, naming rates, rules and regulations governing the passenger stage operations herein to show that it has adopted or established, as its own, said rates, rules and regulations. The tariff and timetable filings shall be made effective not earlier than ten days after the effective date of this order on not less than ten days' notice to the Commission and the public, and the effective date of the tariff and timetable filings shall be concurrent with the consummation of the transfer herein authorized. The tariff and timetable filings made pursuant to this order shall comply in all respects with the regulations governing the construction and filing of tariffs and timetables set forth in the Commission's General Orders Nos. 79 and 98.

5. Central Coast Bus System 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.

6. This Order shall become effective when Central Coast Bus System has paid the minimum fee prescribed by Section 1904(b) of the Public Utilities Code, which fee is \$25.

Dated at San Francisco, California,
this 2nd day of JULY, 1963.

George H. Grover
President
Robert K. Hatch
Everett W. Page
Frederick B. Helaloff
William W. Burdick
Commissioners

