

**ORIGINAL**

Decision No. 68872

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of JOSEPH J. DOHNALEK and LOUIS W. KLEASNER, JR., doing business as HUNTINGTON BEACH-SANTA ANA STAGE LINES for authority to transfer and sell its operating rights to SOUTH COAST TRANSIT CORP., a corporation.

Application No. 47051  
(Filed October 16, 1964)

O P I N I O N

By application of Joseph J. Dohnalek and Louis W. Kleasner, Jr., doing business as Huntington Beach-Santa Ana Stage Lines (Stage Lines), and South Coast Transit Corp., a corporation (South Coast), authority is sought by Stage Lines to sell its operating rights to South Coast.

The applicants are now operating as "passenger stage corporations" in the County of Orange, their routes having a common point of service in the City of Santa Ana. South Coast serves between Santa Ana, Newport Beach (Balboa), and Laguna Beach, and Stage Lines serves between Huntington Beach and the community of El Modena. South Coast proposes to incorporate and coordinate the respective routes into one unified and improved bus operation. No change in fares is contemplated and present schedules will be continued.

It is alleged that South Coast is a wholly owned subsidiary of American Transit Corp., a Missouri corporation;

that it has available to it the experienced management and proven operating procedures as well as sufficient equipment and personnel to operate and maintain the passenger service herein proposed to be transferred and, by reason thereof, will be able to provide an improved passenger service in the area served by Stage Lines.

Since August 1, 1964, South Coast has been operating the passenger stage service of Stage Lines, as authorized by the latter's certificate of public convenience and necessity, having furnished and supplied all buses, equipment, employees and other assets necessary to operate the current schedules and will continue to operate said service subject to the authorization of this Commission.

The agreement of sale provides for the payment of \$6,000 as the price of the operating right, the goodwill of the business, including the fictitious firm name of Huntington Beach-Santa Ana Stage Lines, and an agreement whereby the partners Dohnalek and Kleasner, Jr., will not operate a public transportation business in Orange County for a period of one hundred months.

South Coast is acquiring said operating rights and business free and clear of any pre-existing liabilities of Stage Lines.

South Coast is a California corporation and is the wholly owned subsidiary of the American Transit Corporation of St. Louis, Missouri. Officers and directors of the latter are located in St. Louis and have residence there. The books and records of South Coast are kept and maintained by American

Transit at their general offices in St. Louis. The parent corporation is operating South Coast somewhat as a branch line, with daily reports of revenue, cash receipts and deposits, and statistics being sent to St. Louis for entry and recording into the general books there.

Concerning applicants' operations a Commission staff report (hereby made a part of the record as Exhibit 1) comments, in part, as follows:

"According to the 1963 annual report submitted for South Coast from St. Louis, it is obvious that South Coast has lost money consistently since its inception. This report shows a carry over deficit at the beginning of 1963 amounting to \$14,628.35, and additional losses during 1963 of \$38,783.35, which makes the accumulated deficit at end of 1963 a total of \$53,411.70. . . . losses include, as an element of expense, a management fee based on 1½% of gross receipts, debited to Account 4660. It is presumed that this practice was continued into 1964. The local general manager's salary is paid directly from St. Louis and charged to South Coast operations. This salary was \$575 per month in 1963 and it is now only \$550, per Mr. Cordier.

"Mr. J. J. Dohnalek, co-owner and former operator of the Huntington Beach-Santa Ana Stage Lines, closed the bus terminal and discontinued operations as of July 31, 1964. On August 1, 1964, South Coast took over Dohnalek's one bus and has continued the Huntington Beach run and schedules as previously operated."

A financial statement filed with this application shows South Coast's condition, as of June 30, 1964, to be as follows:

Assets	\$37,891.03	
Accrued Fed. & State Tax Refund	<u>13,719.29</u>	\$51,610.32
*Liabilities		81,666.70
Deficit		<u>\$30,056.38</u>
Represented by:		
Capital Account	\$10,000.00	
Paid in Surplus	10,000.00	
Earned Surplus (Deficit)	<u>(50,056.38)</u>	
		\$30,056.38

\*South Coast's principal obligation is for advances from the American Transit Corp., in the sum of \$63,000.

South Coast acquired its present operation in January of 1963, as authorized by Decision No. 64734. Since then it has modernized its equipment and expanded its charter service under the present management. The service between Huntington Beach and the community of El Modena is also being conducted satisfactorily.

Having considered the matter the Commission finds that the proposed sale and transfer would not be adverse to the public interest and that public convenience and necessity require that South Coast Transit Corp. continue the service between Huntington Beach and El Modena as heretofore operated by Joseph J. Dohnalek and Louis W. Kleasner, Jr.

For clarification, a certificate of public convenience and necessity will be granted to South Coast Transl. Corp. in lieu of the operating authority heretofore granted to or acquired by South Coast Transit Corp., a corporation, and Joseph J. Dohnalek and Louis W. Kleasner, Jr., doing business as

Huntington Beach-Santa Ana Stage Lines, subject to the conditions as set forth in the order. A public hearing is not necessary.

The authorization herein granted shall not be construed as a finding of the value of the rights and properties herein authorized to be transferred.

South Coast Transit Corp. 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.

O R D E R

IT IS ORDERED that:

1. On or before April 30, 1965, Joseph J. Dohnalek and Louis W. Kleasner, Jr., may sell and transfer, and South Coast Transit Corp., a corporation, may purchase and acquire, the operative rights and property referred to in the application.

2. Within thirty days after the consummation of the transfer herein authorized, South Coast Transit Corp. 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.

3. A certificate of public convenience and necessity is granted to South Coast Transit Corp., a corporation, authorizing it to operate as a passenger stage corporation, as defined in Section 226 of the Public Utilities Code, between the points and over the routes more particularly set forth in Appendix A, attached hereto and made a part hereof.

4. In providing service pursuant to the certificate herein granted, South Coast Transit Corp. shall comply with and observe the following service regulations:

- (a) Within thirty days after the effective date hereof, South Coast Transit Corp. shall file a written acceptance of the certificate herein granted. By accepting the certificate of public convenience and necessity herein granted, applicant is placed on notice that it will be required, among other things, to file annual reports of its operations and to comply with and observe the safety rules of the California Highway Patrol, the rules and other regulations of the Commission's General Order No. 98 and insurance requirements of the Commission's General Order No. 101-A. Failure to file such reports, in such form and at such time as the Commission may direct, or to comply with and observe the safety rules, or the provisions of General Orders Nos. 98 and 101-A, may result in a cancellation of the operating authority granted by this decision.
- (b) Within one hundred twenty days after the effective date hereof, South Coast Transit Corp. shall establish the service herein authorized and file tariffs and timetables, in triplicate, in the Commission's office.

5. Applicants shall amend or reissue the tariffs and timetables on file with the Commission, naming rates, rules and regulations governing the common carrier operations herein to show that Joseph J. Dohnalek and Louis W. Kleasner, Jr., have withdrawn or canceled, and South Coast Transit Corp. 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.

6. On or before the sixtieth day after the effective date of this order South Coast Transit Corp. shall comply with the provisions of Chapter 4, Article 4, of the Public Utilities Code of the State of California, particularly Sections 791 and 792 thereof, and shall establish a general ledger and supporting data retroactive to the beginning of date of business.

7. On or before the ninetieth day after the consummation of the sale and transfer herein authorized, South Coast Transit Corp. shall cause to be filed with this Commission in such form as it may prescribe an annual report, or reports, of Joseph J. Dohnalek and Louis W. Kleasner, Jr., doing business as Huntington Beach-Santa Ana Stage Lines, covering the calendar year 1964 to the date of consummation of said sale and transfer.

8. The certificate of public convenience and necessity granted in paragraph 3 of this order supersedes all existing certificates of public convenience and necessity authorizing the transportation of persons heretofore granted to or acquired by South Coast Transit Corp., a corporation, and Joseph J. Dohnalek

and Louis W. Kleasner, Jr., doing business as Huntington Beach-Santa Ana Stage Lines, and presently possessed by either of them, which certificates, numbered as follows:

Certificates pertaining to operative rights of sellers, Joseph J. Dohnalek and Louis W. Kleasner, Jr.

Decisions Nos.

42964  
43238  
44990  
48928  
49897  
51151

Certificates pertaining to operative rights of purchaser - South Coast Transit Corp.

Decisions Nos.

26759 37346  
27121 38960  
27900 42593  
28640 43419  
31329 51983  
36177 64734

are hereby revoked, said revocation to become effective concurrently with the effective date of the tariff filings required by paragraph 4(b) hereof.

The effective date of this order shall be the date hereof.

Dated at San Francisco, California, this

13th day of April, 1965.

Frederick B. Helshoff  
President

John R. Smith

George L. Grover

Augusta

William A. Bennett  
Commissioners



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SOUTH COAST TRANSIT CORP.

Appendix A

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CERTIFICATE  
OF  
PUBLIC CONVENIENCE AND NECESSITY

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Showing passenger stage operative rights, restrictions, limitations, exceptions, and privileges applicable thereto.

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All changes and amendments as authorized by the Public Utilities Commission of the State of California will be made as revised pages or added original pages.

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Issued by California Public Utilities Commission.

Decision No. 68872, Application No. 47051.

SECTION 1. GENERAL AUTHORIZATIONS, RESTRICTIONS,  
LIMITATIONS, AND SPECIFICATIONS

South Coast Transit Corp. is authorized to transport passengers between Santa Ana, Orange and El Modena, on the one hand, and Westminster and Huntington Beach, on the other hand, and between Santa Ana, on the one hand, and Balboa and Laguna Beach, on the other hand, over and along the routes hereinafter described, subject, however, to the authority of this Commission to change or modify said routes at any time and subject to the following provisions:

- a. When route descriptions are given in one direction, they apply to operation in either direction, unless otherwise indicated.
- b. Motor vehicles may be turned at termini or intermediate points, in either direction, at intersections of streets or by operating around a block contiguous to such intersections, in accordance with local traffic regulations.

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SOUTH COAST TRANSIT CORP.

Appendix A

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SECTION 2 ROUTE DESCRIPTIONS

Subject to the authority of this Commission to change or modify such at any time, South Coast Transit Corp. shall conduct its passenger stage operations between the following points and over and along the following described route:

HUNTINGTON BEACH-SANTA ANA-ORANGE ROUTE

Beginning at the intersection of 5th Street and Walnut Avenue, in the City of Huntington Beach, thence along Walnut Avenue, Main Street, Frankford Street, Delaware Avenue, 17th Street, Huntington Beach Boulevard, Bolsa Avenue (Westminster), First Street, and Sycamore Street to the Santa Ana Greyhound Lines Depot, thence via Second Street, Spurgeon Street, Fourth Street, Grand Avenue, Glassell Street, Almond Avenue (Orange), Orange Street, and Chapman Avenue to its intersection with Alameda Street, in the Community of El Modena.

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## SECTION 2 (continued)

SANTA ANA-BALBOA

Beginning at the Union Bus Station, 220 East 3rd Street (Santa Ana), thence along 3rd Street, Main Street, Newport Avenue, Newport Boulevard, Balboa Boulevard, Palm Street (Balboa) to parking lot one block west. Return via the reverse of the going route to the intersection of Main Street and 1st Street (Santa Ana), thence along 1st Street, Spurgeon Street to Union Bus Station.

SANTA ANA-LAGUNA BEACH

Beginning at the Union Bus Station, 220 East 3rd Street (Santa Ana), thence along 3rd Street, Main Street, Edinger Street, Greenville Street, Wakeham Avenue, Fairview Road, Wilson Street, Harbor Boulevard, Newport Boulevard, U. S. Highway 101 (Pacific Coast Highway), Broadway to 375 Broadway (Greyhound Bus Depot, Laguna Beach). Return via the reverse of the going route to the intersection of Newport Boulevard and Harbor Boulevard, thence along Newport Boulevard, 19th Street, Harbor Boulevard, Wilson Street, Fairview Road, Wakeham Avenue, Greenville Street, Edinger Street, Main Street, 1st Street, Spurgeon Street to Union Bus Station.

SANTA ANA-LAGUNA BEACH-BALBOA ISLAND

Commencing at the Union Bus Station, 220 East 3rd Street (Santa Ana), thence along 3rd Street, Main Street, MacArthur Boulevard, U. S. Highway 101 (Pacific Coast Highway), Broadway to 375 Broadway (Greyhound Bus Depot, Laguna Beach), Broadway, U. S. Highway 101, Jamboree Road, Marine Avenue, Balboa Avenue (Balboa Island), Amethyst Avenue, Park Avenue, Marine Avenue, U. S. Highway 101, Newport Boulevard, 19th Street, Harbor Boulevard, Wilson Street, Fairview Road, Wakeham Avenue, Greenville Street, Edinger Street, Main Street, 1st Street, Spurgeon Street to Union Bus Station.

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