

JUL 22 1988

Decision 88 07 055 JUL 22 1988**ORIGINAL**

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Applications of )	
WILLIAM H. WEGGERS and CAROLYN LEE )	
WEGGERS, doing business as SHASTA )	Application 87-11-005
SKYHAWK, for authority to do )	(Filed November 2, 1987)
business as a corporation. )	

OPINION

William H. Wegggers and Carolyn L. Wegggers (transferors), doing business as Shasta Skyhawk, request authority to transfer a certificate of public convenience and necessity to Shasta Skyhawk, Inc. (transferee). Certificate PSC 1353 was issued to transferors by Decision (D.) 86-08-074, dated August 18, 1986 in Application (A.) 86-07-003. It authorizes them to conduct operations as a passenger stage corporation, on an on-call basis, between Sacramento Metropolitan Airport, on the one hand, and Williams, Willows, Orland, Corning, Red Bluff and Redding, on the other hand.

Transferee was incorporated in September 1986. A copy of its Articles of Incorporation is attached as an exhibit to the application, and the application was signed by transferors as president and secretary, respectively, of the transferee.

Included with the application is an operating statement for the period August, 1986 to August, 1987, transferors' first year of operation. The statement shows that during that period transferors earned revenues of \$103,602.50 from their operations. Operating expenses excluding depreciation were \$119,520.38, resulting in a loss of \$15,917.88. Net loss after depreciation expense and interest income and expense was \$38,144.15.

On November 17, 1987 the Commission's Transportation Division (staff) submitted a request for additional information about the transferee corporation. Applicants responded to the

staff's request by letter dated December 17, 1987, providing the following information:

1. William H. Weggors and Carolyn L. Weggors are the sole stockholders of transferee.
2. Transferee is not involved in any business other than the passenger stage operations involved in this application.
3. The property to be transferred to the corporation consists of 4 passenger vans, vehicle accessories and supplies, maintenance supplies, office equipment and supplies, and other inventory such as information guides. The vans, a 1982 Dodge, a 1983 Ford, a 1984 Chevy, and a 1985 Ford, have seating capacities ranging from 8 to 11 passengers. They are valued from approximately \$12,000 to nearly \$17,000. Total valuation shown for the listed property is \$63,641. ✓
4. A balance sheet for transferee corporation shows that as of September 30, 1987 it had assets of \$121,335.56, liabilities of \$134,315.05, and a negative equity of \$12,979.49. Cash in the bank was listed as a negative figure of \$3,977.85. In addition to vehicles and equipment, principal assets were business goodwill and a covenant not to compete. Listed values for the latter two assets were \$60,000 and \$10,000 respectively. Principal liabilities were 3 notes payable, listed as long term liabilities, which totalled \$126,075.70.
5. Applicants' reason for transferring the business to the corporation is for tax purposes and to protect the personal property of the transferors.

Staff advises that this is, in essence, a name change application. Staff has no objections to transferring the authority from individual names to the corporate name of Shasta Skyhawk, Inc.

Based on its review of the application and applicants' response to its data request, staff recommends that the application be approved.

By letter dated January 28, 1988, the assigned Administrative Law Judge requested applicants to furnish additional evidence concerning transferee's financial viability. Applicants subsequently provided the following in response:

1. A comparison of December 1986 and December 1987 passenger counts and revenues, showing an 8.8% increase in ridership and a 37.7% increase in revenues.
2. A similar comparison of January 1987 and January 1988 operations, showing a 26.9% increase in ridership and a 61.2% increase in monthly revenues.
3. A balance sheet as of December 31, 1987. Compared to the September 30, 1987 balance sheet, it shows little change in transferee's total assets, total liabilities, long term liabilities, and equity position. It does, however, show a dramatic improvement in the ratio of current assets to current liabilities (current ratio) from .61 to 1.19.
4. An undated income statement accompanying the December 31, 1987 balance sheet. It shows a net loss after depreciation and interest expense of \$8,173.68, which represents a substantial improvement compared to the August 1987 year-end loss of more than \$38,000.

Applicants explained this information and their overall financial position. In the first year of operation they devoted extra funds to vehicle maintenance in order to achieve maximum service reliability and passenger comfort. Although they recognized the need for a fare increase when they bought the business in 1986, they deferred applying to us for fare increase authority for a year in order to maintain good customer and public

relations. They subsequently applied (A.87-08-043), and authority was granted on December 9, 1987 (D.87-12-019). The fare increase, combined with the growth in ridership, will result in increased income and an improved equity position. In the meantime, applicants state they intend to finance the corporation just as they have been financing the operation as proprietors.

When we authorized transferors to commence operations in 1986 (D.86-08-074), we found that they had the financial resources to perform the described service, based in part on a demonstrated net worth of \$178,451. Although a stated reason for their incorporating the business is to protect their personal property, it is clear that transferors have been committing their resources to the business as necessary, and that, as sole shareholders of the corporation, they will continue to do so.

By D.87-12-019 we authorized transferors to increase their fares by varying amounts. We relied on staff's analysis, which showed that for the test year 1988, the increases would yield additional revenues of \$21,918, improve after-tax net income from a negative \$17,430 to a black figure of \$4,060, and improve the operating ratio from 121.1% to 96.1%.

We are convinced that despite its negative equity position as shown on its September 30 and December 31 balance sheets, and despite the initial operational losses incurred by transferors, transferor has and will continue to have available the financial resources needed to perform the service as proposed. The improved ridership, the recent fare increase, the substantially improved current ratio, and the stated willingness of transferors to commit resources all combine to paint an improved financial picture for the future compared to the recent past.

Notice of the application appeared on the Daily Transportation Calendar dated November 7, 1987. No protests have been received.

Findings of Fact

1. Transferors are operating as a passenger stage corporation pursuant to a certificate of public convenience and necessity numbered PSC 1353, issued to them by D.86-08-074.
2. Transferors are sole shareholders and corporate officers of transferee corporation, which was incorporated in September, 1986.
3. Applicants seek authorization to transfer the certificate and their operating property to the transferee corporation.
4. Applicants have not proposed any changes in operations, schedules, or fares in connection with the transfer.
5. Transferee has available the financial resources and the experience necessary to perform the described operations.

Conclusions of Law

1. The proposed transfer is in the public interest and should be authorized.
2. A public hearing is not necessary.
3. Since transferee is already incorporated and this matter is noncontroversial, the order should become effective on the date it is signed.

Only the amount paid to the State for operative rights may be used in rate fixing. The State may grant any number of rights and may cancel or modify the monopoly feature of these rights at any time.

ORDER

IT IS ORDERED that:

1. By September 1, 1988, William H. Weggors and Carolyn L. Weggors (transferors) may transfer the operative rights and property specified in the application to Shasta Skyhawk, Inc. (transferee).

2. Transferee shall:

- a. File with the Transportation Division written acceptance of the certificate and a copy of the bill of sale or other transfer document within 30 days after transfer.
- b. Amend or reissue transferors' tariffs and timetables, state in them when the service will start, make them effective 10 days or more days after this order is effective, and allow at least 10 days' notice to the Commission.
- c. Comply with General Orders Series 79, 98, 101, and 104, and the California Highway Patrol safety rules.
- d. Maintain accounting records in conformity with the Uniform System of Accounts.
- e. Remit to the Commission the Transportation Reimbursement Fee required by Public Utilities (PU) Code § 403 when notified by mail to do so.

3. If the transfer is completed, on the effective date of the tariffs a certificate of public convenience and necessity is granted to Shasta Skyhawk, Inc., a corporation, authorizing it to operate as a passenger stage corporation, as defined in PU Code § 226, between the points and over the routes set forth in Appendix PSC 1353 to transport persons and their baggage.

4. The certificate of public convenience and necessity granted by Decision 86-08-074 is revoked on the effective date of the tariffs.

5. This certificate does not authorize the holder to conduct any operations on the property of or into any airport unless such operation is authorized by both this Commission and the airport authority involved.

6. Transferee is authorized to begin operations on the date that the Executive Director mails a notice to it that it has evidence of insurance on file with the Commission and that the

California Highway Patrol has approved the use of the corporation's vehicles for service.

7. Transferee shall assess rates no higher than those presently named in the tariff of transferors until such time as increases in such rates may be authorized by the Commission.

8. The application is granted as set forth above.

This order is effective today.

Dated JUL 22 1988, at San Francisco, California.

STANLEY W. HULETT  
President

DONALD VIAL  
FREDERICK R. DUDA  
G. MITCHELL WILK  
JOHN B. OHANIAN  
Commissioners

I CERTIFY THAT THIS DECISION  
WAS APPROVED BY THE ABOVE  
COMMISSIONERS TODAY.

*Victor Weissor*  
Victor Weissor, Executive Director

AB

CERTIFICATE  
OF

PUBLIC CONVENIENCE AND NECESSITY  
AS A PASSENGER STAGE CORPORATION  
PSC-1353

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

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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 under authority of Decision 88 07 055, dated  
JUL 22 1988, of the Public Utilities Commission of the  
State of California in Application 87-11-005.



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

This certificate supersedes all operative authority previously granted to William Weggors and Carolyn Weggors or their predecessors.

Shasta Skyhawk, Inc. by the certificate of public convenience and necessity granted by the decision noted below, is authorized as a passenger stage corporation to transport passengers and their baggage, on an on-call basis between points listed in Section 2 and the Sacramento Metropolitan Airport (SMF) over and along the routes described, subject, however, to the authority of this Commission to change or modify the routes at any time and subject to the following provisions:

- a. Motor vehicles may be turned at termini and 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.
- b. When route descriptions are given in one direction, they apply to operation in either directions unless otherwise indicated.

Issued by California Public Utilities Commission.

Decision 88 07 055 , Application 87-11-005.

SECTION 1. GENERAL AUTHORIZATIONS, RESTRICTIONS, LIMITATIONS,  
AND SPECIFICATIONS. (continued)

- c. The term "on-call" as used refers to service which is authorized to be rendered dependent on the demands of passengers. The tariffs and timetables shall show the conditions under which each authorized on-call service will be rendered.
- d. The transportation of baggage shall be on passenger carrying vehicles and shall be incidental to the transportation of passengers.
- e. No service shall be provided to or between intermediate points. No passengers shall be transported except those having point of origin or destination at Sacramento Metropolitan Airport.

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## SECTION 2. ROUTE DESCRIPTION.

Route 1. SMF- Redding

Beginning at the passenger Terminal (s) of Sacramento Metro Airport (SMF), then via the most appropriate streets and highways, to the following service location:

Auction Yard Restaurant, Interstate 5,  
Williams

Denny's Restaurant, Interstate 5, Willows

New Villa Station, New Villa Road, Orland

B-B Restaurant, Interstate 5 and South Avenue  
Corning

Carl's Jr. Restaurant, 88 Belle Mille Road,  
Red Bluff

Carl's Jr. Restaurant, 833 Cypress, Redding

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