

This Decision has been  
rescinded by Dec. 91928

Decision No. 91507 APR 2 1980

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA"

In the Matter of the  
Application of:

MISSION TRAILS CHARTER SERVICE,  
INC., a California corporation

for authority to issue stock

Application No. 58397  
(Filed October 5, 1978)

O P I N I O N

By this Application, Mission Trails Charter Service, Inc. (Mission Trails) requests authority, pursuant to Sections 816 through 818 and 854 of the Public Utilities Code, to issue 50 shares of its no par value capital stock. Notice of the filing of the Application was published on the Commission's Daily Calendar of October 6, 1978.

Mission Trails is a California corporation engaged in providing passenger stage service between Foster City and San Francisco pursuant to authority granted by Decision No. 87762, dated August 23, 1977 in Application No. 57402. Said authority was previously held by Falcon Charter Service (Falcon) which commenced a passenger commute operation between Foster City and San Francisco in 1972.

Decision No. 87762 authorized the transfer of operating authority to Mission Trails from Falcon on an interim basis only. Although the Commission was favorably impressed with the enthusiasm of Mission Trails' owners to embark upon the proposed service, and by the support shown for the transfer by many of Falcon's customers, the Commission believed that the public interest required that

reasonable conditions be imposed "...to insure that a thinly capitalized transferee, who eventually may fail, will not result in a community the size of Foster City being without viable bus service". The decision provides that, 15 months after the effective date thereof, the operating results, financial condition, and service of Mission Trails will be reviewed and the transfer will either become final or Falcon will be directed to resume its public utility obligations for which it holds authority.

In connection with Decision No. 87762, the staff of the Revenue Requirements Division examined the accounting and statistical reports of Mission Trails and obtained a personal financial statement from Richard L. Campbell and his spouse. Mr. Campbell, president of Mission Trails, seeks authority in this proceeding to acquire the stock and control of the company.

The staff's report of January 1980, in Application No. 57402 states that "Mission Trails was thinly capitalized from the onset and has lost capital even though ridership has increased significantly. The company has shown prudence and initiative towards improving its financial position". The staff's report also states that Mr. Campbell has the financial ability to continue to operate the company.

The Annual Report to the Commission for the year 1978, indicates that Mission Trails' operations have not been profitable,

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there being a reported net loss of \$30,414 on gross revenues of \$262,587. The company's financial position as of December 31, 1978, is summarized as follows:

| <u>Assets</u>  | <u>Amount</u>    |
|--|------------------|
| Current Assets   | \$ 3,168         |
| Carrier Operating Property,<br>Less Accumulated Depreciation | 15,401           |
| Other Assets   | <u>27,332</u>    |
| Total  | <u>\$ 45,901</u> |
| <u>Liabilities and Capital</u>                               |                  |
| Current Liabilities  | \$ 23,156        |
| Shareholder Loans  | 30,000           |
| Capital Stock  | 30,000           |
| Deficit  | <u>(37,255)</u>  |
| Total  | <u>\$ 45,901</u> |

Mission Trails proposes to issue 50 shares of its capital stock to two stockholders in exchange for their canceling \$15,000 of indebtedness. The company's attorney informed the staff by letters dated January 24 and February 13, 1979, that the money loaned by the stockholders was used to acquire a Charter Party Service Certificate (TCP 221A) and a bus (purchase price \$13,000).

The proposed capital stock will be issued to the two creditor stockholders as follows: 37-1/2 shares will be issued to Richard L. Campbell, President of Mission Trails, and 12-1/2 shares to Jacqueline Pung, a relative of Campbell. Campbell will acquire control of the corporation as a result of the proposed stock issue.

Mission Trails' attorney has also informed the staff by letter dated November 17, 1978, that Robert Wallace an officer and a director of the company, and a holder of 50 shares of its common stock, is aware that Campbell will control Mission Trails as a result of the proposed stock issue. The attorney provided a copy of a document entitled "Action Without Meeting of the Board of Directors of Mission Trails Charter Service, Inc.", dated May 15, 1976. The document, signed by all shareholders and directors, indicates among other things that the corporation is authorized to petition this Commission for consent to sell additional stock to Campbell.

The Revenue Requirements Division of the Commission staff has reviewed the Application and examined the company's accounting and statistical records, and concludes that Mission Trails' request in this proceeding is reasonable. The Transportation Division concurs with the conclusion of the Revenue Requirements Division.

Findings of Fact

1. The proposed stock issue would not be adverse to the public interest.
2. The proposed stock issue would be for a proper purpose.
3. The acquisition of control of Mission Trails by Richard L. Campbell would not be adverse to the public interest.
4. There is no known opposition and there is no reason to delay granting the authority requested.
5. The money, property or labor to be procured or paid for by the stock herein authorized is reasonably required for the purpose specified herein, which purpose is not, in whole or in part, reasonably chargeable to operating expenses or to income.

Conclusions of Law

1. The Application should be granted to the extent set forth in the order which follows.

2. A public hearing is not necessary.

The authorization granted herein shall not be construed as a finding of the value of the company's stock or property nor as indicative of amounts to be included in proceedings for the determination of just and reasonable rates.

O R D E R

IT IS ORDERED that:

1. Mission Trails Charter Service, Inc. may issue 50 shares of its capital stock for the purpose specified in the Application.

2. Richard L. Campbell may control Mission Trails Charter Service, Inc.

3. Mission Trails Charter Service, Inc. shall file with the Commission a report, or reports, as required by General Order No. 24-B, which order, insofar as applicable, is hereby made a part of this order.

4. This order shall become effective when Mission Trails Charter Service, Inc. has paid the minimum fee prescribed by Section 1904.1 of the Public Utilities Code, which fee is \$50.

Dated APR 2 1980, at San Francisco, California.

Commissioner Claire T. Dedrick, being necessarily absent, did not participate in the disposition of this proceeding.

John E. Boyron President  
Richard L. Sturgeon  
Richard W. Havelle  
Sanuel [unclear] Commissioners