

Decision No. 18871

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of)
 SCOTT WILLIAMS to sell, and)
 CIRO CUCCIO and PHILLIP BAGLIONE to) Application
 purchase an automobile (passenger line)) No.14003
 operated between Los Angeles and Watts,)
 California.)

BY THE COMMISSION -

OPINION and ORDER

ORIGINAL

Scott Williams has petitioned the Railroad Commission for an order approving the sale and transfer by him to Phillip Baglione and Circo Cuccio of an operating right for an automobile service between Los Angeles and a certain point south of the city limits of said city and Phillip Baglione and Circo Cuccio have applied for authority to purchase and acquire said operating right and to hereafter operate thereunder, the sale and transfer to be in accordance with an agreement, a copy of which is attached to the application herein and made a part thereof.

The consideration to be paid for the property herein proposed to be transferred is given as \$1100, all of which sum is said to represent the value of intangibles.

The operating right herein proposed to be transferred was issued to applicant Scott Williams by the Railroad Commission in its Decision No.17672, dated November 29, 1926, and issued on Application No.13237. The order of the Commission authorizes the establishment and operation of an automobile service for the transportation of passengers

***** between 103rd or Main Street in the city of Los Angeles (that particular portion formerly known as the city of Watts) and points south of the city limits of Los Angeles as far as Allen Street, and intermediate points, in Los Angeles County, over and along the following route:

"Beginning at the intersection of Success and Main Streets (also known as 103rd Street), east to Compton Avenue, thence south via Compton Avenue and Ingram Street to Allen Street, thence east on Allen Street to Astor Street, thence south to unnamed street, thence east to Compton Avenue (a prolongation of Wilmington Avenue), thence north via Compton Avenue and Wilmington Avenue to Main or 103rd Street, thence west to the point of beginning; also along Main or 103rd Street east to Juniper Avenue, thence south to 105th Street, thence east to Gorman Avenue, thence south to 107th Street, thence east to Wiegand Street, thence south to Santa Ana Avenue, thence west to Juniper Avenue."

We are of the opinion that this is a matter in which a public hearing is not necessary and that the application should be granted.

The purchaser is hereby placed upon notice that "Operative rights" do not constitute a class of property which should be capitalized or used as an element of value in determining reasonable rates. 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 to the number of rights which may be given. The Commission at the early stages of the development of this kind of transportation should be extremely careful not to lend encouragement to the idea that these rights possess a substantial element of value, either for rate fixing or capitalization.

IT IS HEREBY ORDERED that the above entitled application be and the same hereby is granted, subject to the following conditions:

1- The consideration to be paid for the property herein authorized to be transferred shall never be urged before this Commission or any other rate fixing body as a measure of value of said property for rate fixing, or any purpose other than the transfer herein authorized.

2- Applicant Scott Williams shall immediately unite with applicants Phillip Baglione and Ciro Cuccio in common supplement to the tariffs on file with the Commission, applicant Williams on the one hand withdrawing, and applicant Baglione and Ciro Cuccio on the other hand accepting and establishing such tariffs and all effective supplements thereto.

3- Applicant Williams shall immediately withdraw time schedules filed in his name with the Railroad Commission and applicants Baglione and Cuccio shall immediately file, in duplicate, in their own names, time schedules covering service heretofore given by applicant Williams which time schedules shall be identical with the time schedules now on file with the Railroad Commission in the name of applicant Williams, or time schedules satisfactory to the Railroad Commission.

4- The rights and privileges herein authorized may not be sold, leased, transferred nor assigned, nor service thereunder discontinued, unless the written consent of the Railroad Commission to such sale, lease, transfer, assignment or discontinuance has first been secured.

5- No vehicle may be operated by applicants Baglione and Cuccio unless such vehicle is owned by said applicants or is leased by them under a contract or agreement on a basis satisfactory to the Railroad Commission.

Dated at San Francisco, California, this 4th day
of October, 1927.

[Signature]
[Signature]
Leon A. Hill
[Signature]
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COMMISSIONERS.