

Decision No. 19095

ORIGINAL

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of )  
SIERRA VAN & STORAGE COMPANY for an )  
order permitting it to sell its )  
automobile truck operating rights ) Application No. 14221  
between Los Angeles and Pasadena to )  
L. R. KAGARISE, and authorizing said )  
L. R. KAGARISE to exercise said )  
operating rights as a separate truck )  
line. )

BY THE COMMISSION -

OPINION and ORDER

Sierra Van & Storage Company, a corporation, has petitioned the Railroad Commission for an order approving the sale and transfer by it to L. R. Kagarise of an operating right for an automobile service for the transportation of property between Los Angeles and Pasadena, and L. R. Kagarise has asked 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 marked Exhibit "A", which exhibit 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 \$10,000, the purchase price, according to applicants, being made up as follows:

Agreed value of the good will of said common carrier business	-	\$ 500.00
Agreed value of said common carrier operating rights		1000.00
Agreed value of said six automobile trucks		8500.00
TOTAL	--	<u>\$10000.00</u>

The operating right herein proposed to be transferred was originally established by Pasadena Transfer & Storage Co., a corporation, through operation prior to May 1, 1917, and the filing of tariffs and time schedules by that company in compliance with an order of the Railroad Commission in Decision No.11422, dated December 29, 1922, and issued on Application No.8301, which decision, as amended by Decision No.12486, found that prior to May 1, 1917, and subsequent thereto Pasadena Transfer & Storage Co., a corporation, was operating an automobile trucking service "as a common carrier of freight, express and baggage between Los Angeles and Pasadena over regular route via Los Angeles street, Macey street, Mission Road, Huntington Drive, Oneonta Park and Fair Oaks Avenue." By Decision No.14168, dated October 10, 1924, and issued on Application No.10485, the Commission authorized Pasadena Transfer & Storage Co. to transfer the operating right to Frank Pickard. On January 21, 1926, by Decision No.15887, issued on Application No.11941 the Commission authorized Pickard to transfer the right to Sierra Van and Storage Company, a corporation, and one of the applicants herein.

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. Granting of this application, however, is not to be construed as authority for applicant Kagarise to link up, join or consolidate the right herein authorized to be transferred with other operating rights owned by him.

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 Sierra Van & Storage Company shall immediately unite with applicant L. R. Kagarise in common supplement to the tariffs on file with the Commission, applicant Sierra Van & Storage Company on the one hand withdrawing, and applicant Kagarise on the other hand accepting and establishing such tariffs and all effective supplements thereto.

3- Applicant Sierra Van & Storage Company shall immediately withdraw time schedules filed in its name with the Railroad Commission and applicant Kagarise shall immediately file, in duplicate, in his own name time schedules covering service heretofore given by applicant Sierra Van & Storage Company, which time schedules shall be identical with the time schedules now on file with the Railroad Commission in the name of applicant Sierra Van & Storage Company, 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 applicant Sierra Van & Storage Company unless such vehicle is owned by said applicant or is leased by it under a contract or agreement on a basis satisfactory to the Railroad Commission.

Dated at San Francisco, California, this 2nd day of December, 1927.

[Signature]  
[Signature]  
Leon Whitehall  
[Signature]  
[Signature]  
-3- [Signature]  
COMMISSIONERS.