

Decision No. 19163

COPY

## BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of  
 JENNIE H. FOLLOWS to sell, and A.L. MEIER  
 and J. E. WILLIAMSON, as co-partners, to  
 purchase an automobile passenger and  
 freight line operated between Azusa and  
 certain points in the San Gabriel Canyon.

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 )  
 ) Application  
 ) No. 14280  
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 )

BY THE COMMISSION -

OPINION and ORDER

Jennie H. Follows, heir at law of Ralph M. Follows, has petitioned the Railroad Commission for an order approving the inheritance by her of an operating right for an automotive service for the transportation of persons and property between Azusa and points in San Gabriel Valley acquired by her under a decree of distribution in the matter of the estate of Ralph M. Follows, deceased, as evidenced by an order of the Superior Court of the County of Los Angeles settling the final account of the estate of Ralph M. Follows and the decree of distribution of said estate, a copy of said order being attached to the application herewith. Jennie H. Follows also asks authority to sell and transfer said operating right to A.L. Meier and J.E. Williamson, co-partners, and A.L. Meier and J.E. Williamson, co-partners, ask 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 of sale, 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 \$500, plus such sums as may be found to be due as taxes and penalties assessed against said stage service. This sum is declared by applicant to be the value of intangibles, no equipment being involved.

The operating right herein proposed to be transferred was granted to Ralph M. Follows by the Railroad Commission in its Decisions Nos. 9520 and 9576, dated respectively, September 15, 1921, and September 29, 1921, both being issued on Application No. 7170. In these decisions the Commission declares that public convenience and necessity require the operation by Ralph M. Follows of

\*\*\*\*\* an automobile and horse stage line for the transportation of passengers, baggage and freight between Azusa, Coldbrook and Camp Bonita, serving as intermediate points, North Fork, Camp Rincon, Follows Camp and Forks, and a certificate of public convenience and necessity be, and the same hereby is granted.

Follows operated the service up to the time of his death in January, 1926, since which time, up to April 2, 1927, the line has been operated by his widow, Jennie. H. Follows, as administratrix of his estate. On April 2, 1927, Mrs. Follows was granted by the Commission authority to discontinue service to July 1, 1928, construction work by the Flood Control District of Los Angeles County making operation impossible.

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 purchasers are 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 inheritance by Jennie H. Follows of the operating right heretofore issued to Ralph M. Follows by the Railroad Commission in its Decisions on Application No.7170, as evidenced by the order settling the final account and decree of distribution of the Superior Court of Los Angeles county in the matter of the estate of Ralph M. Follows, deceased, said order being dated August 3, 1927, be and the same is hereby approved, and

IT IS HEREBY FURTHER ORDERED that the application of Jennie H. Follows to sell and transfer said operating right to A.L.Meier and J.E.Williamson, co-partners, 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 Jennie H. Follows, as heir of Ralph M.Follows, and as administratrix of his estate, shall immediately unite with applicants A.L.Meier and J. E. Williamson in common supplement to the tariffs on file with the Commission, applicant Jennie H. Follows on the one hand withdrawing, and applicants Meier and Williamson, co-partners, on the other hand accepting and establishing such tariffs and all effective supplements thereto.

3- Applicant Jennie H. Follows shall immediately withdraw time schedules filed in the name of Ralph M. Follows with the Railroad Commission and applicants Meier and Williamson shall immediately file, in duplicate, in their own names, time schedules covering service heretofore given by Ralph M. Follows, which time schedules shall be identical with the time schedules now on file with the Railroad Commission in the name of Ralph M. Follows, 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 Meier and Williamson 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.

6- That the service covered by the certificate herein authorized to be transferred shall be immediately resumed provided that road and climatic conditions permit; and provided further that Meier and Williamson shall immediately notify the Railroad Commission as to the exact situation as regards road conditions prevailing in the territory heretofore served by said Ralph M. Follows stage service.

Dated at San Francisco, California, this 23<sup>rd</sup> day of  
December, 1927.

Ernest Wood  
William  
David Rowell  
W. J. C.  
COMMISSIONERS.