

Decision No. 20115.

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of E.L. Mc Connel, doing business under the fictitious name of Valley & Coast Transit Company, to sell, and Valley & Coast Transit Company, a California corporation, to purchase and acquire all of the operative rights, franchises and privileges granted by the Railroad Commission of the State of California to said E.L. Mc Connel, in and under Application No. 12258 and by Decision No. 19651.

Application No. 14887.

BY THE COMMISSION:-

OPINION AND ORDER

E.L. Mc Connel has petitioned the Railroad Commission for an order approving the sale and transfer by him to Valley & Coast Transit Company, a corporation, of an operating right for an automotive trucking service over approximately 75 routes in territory contiguous to San Luis Obispo and Valley & Coast Transit Company, a corporation, has asked for authority to purchase and acquire said operating right and to hereafter operate thereunder.

The operating right herein proposed to be transferred was granted to E.L. Mc Connel, an individual, by the Railroad Commission in its Decision No. 19651, dated April 21, 1928 and issued on Application No. 12258. Subsequent to the filing by Mc Connel of Application No. 12258, and while the matter was pending, he was authorized by the Railroad Commission to transfer to Valley & Coast Transit Company, a corporation, (Decision No. 19262 issued on Application No. 14339 and dated January 18, 1928) all his operating rights. The instant proceeding, then, is to obtain approval by the Commission of a transfer of the right subsequently granted to Mc Connel as an individual to the

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corporation of which he is president. No consideration is involved in this proceeding, the stock authorized to be issued by the Commission in Decision No. 19262 in payment for the business of Mc Connel including all intangibles.

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.

Valley & Coast Transit Company, a corporation, 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.

IT IS HEREBY ORDERED that the above entitled application be, and the same is hereby 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 E.L. Mc Connel shall immediately unite with applicant Valley & Coast Transit Company, a corporation, in common supplement to the tariffs on file with the Commission, applicant Mc Connel on the one hand withdrawing, and applicant Valley & Coast Transit Company on the other hand accepting and establishing such tariffs and all effective supplements thereto.

3- Applicant E.L. Mc Connel shall immediately withdraw time schedules filed in his name with the Railroad Commission and applicant Valley & Coast Transit Company shall immediately file, in duplicate, in its own name time schedules covering service heretofore given by applicant E.L. Mc Connel which time schedules shall be identical with the time schedules now on file with the Railroad Commission in the name of applicant E.L. Mc Connel 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 Valley & Coast Transit 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 10<sup>th</sup>

day of August 1928

Leon Cowdell

Ed. Ramsey

Thos. D. Lott

W. A. Cunn

COMMISSIONERS.