

LBM

Decision No. 29827.

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of
PICKWICK STAGES SYSTEM
to purchase, and WEST COAST TRANSIT
COMPANY to sell, all its physical
assets; and the application of Pick-
wick Stages System to issue and sell
two hundred and fifty-nine thousand
nine hundred dollars(\$259,900.) par
value of its common capital stock
to pay therefor; and the application
of Pickwick Stages System to lease
from West Coast Transit Company, and
the latter to lease to the former
all the operative automobile stage
rights of West Coast Transit Company.

ORIGINAL

Application No. 12927

BY THE COMMISSION:

FIRST SUPPLEMENTAL OPINION

In a supplemental petition filed in the above entitled matter on December 12, 1928 the Railroad Commission is asked to make an order authorizing the transfer of the operative rights of West Coast Transit Company to Pickwick Stages System.

The original decision in this proceeding, No. 17078, dated July 3, 1926, authorized West Coast Transit Company and Pickwick Stages System, among other things, to execute a lease and option agreement, and authorized West Coast Transit Company to lease all of its operative rights, as described in the opinion in Decision No. 17078, with an option to purchase, to Pickwick Stages System, subject to the terms and conditions of the lease and option agreement between the two companies and subject to the condition, among others, that the rent paid under such lease be charged to the surplus account of Pickwick Stages System and not to a capital account.

The agreement the two companies were authorized to execute provided for the lease by West Coast Transit Company of all of its operative rights to Pickwick Stages System for a period of ten years and one day, commencing July 1, 1926, for a total rental of \$300,000., payable in monthly installments of \$2,500.00. Upon the expiration of the term the lessee is given the privilege and option of purchasing the operative rights for the sum of one dollar.

The present supplemental petition shows that West Coast Transit Company has sold and transferred to The Pickwick Corporation all of its equity and right to receive the payments due from Pickwick Stages System under the lease and option agreement and has ceased to have any interest in the performance of the lease and has merely held title to the reversionary interest in the operative rights in the event Pickwick Stages System failed to perform the terms of the lease. It seems that The Pickwick Corporation is the owner of all the outstanding stock of Pickwick Stages System and that it has no further interest in seeing that the monthly payments under the lease are made, and that accordingly it desires the cancellation of the agreement between Pickwick Stages System and West Coast Transit Company. It appears that the directors of the two companies have authorized the cancellation and the full and complete transfer of the operative rights of West Coast Transit Company to Pickwick Stages System.

It is reported in the supplemental petition that Chas. F. Wren, the president of Pickwick Stages System, is the owner and holder of all the issued capital stock of West Coast Transit Company, excepting 126 shares of the first preferred stock of the aggregate par value of \$12,600.00, and shares necessary to qualify directors. The first preferred stock is callable at \$105. a share and it appears that the Board of Directors of West Coast Transit Company, at a meeting held on December 11, 1928, provided a sinking fund of \$13,000.00 for the retirement of the first preferred stock and authorized the calling thereof. Chas. F. Wren, as the owner and holder of ninety-five percent of the out-

standing stock of West Coast Transit Company, has consented to all of the proceedings set forth herein and has guaranteed the performance thereof, as set forth in the written consent and guarantee filed with the supplemental petition as Exhibit "B".

The order herein will authorize the transfer of the operative rights. In this connection Pickwick Stages System 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.

West Coast Transit Company heretofore has disposed of its assets and has cancelled its time schedules and tariffs and has ceased to operate as a common carrier. Upon final transfer of the operative rights, as herein proposed, it reports that it will cease to have any interest whatever in any public utility or automobile passenger stage or truck business. Accordingly, it appears to us that it no longer will be engaged in owning or operating any business which would subject it to the jurisdiction of this Commission, and the order herein will authorize it to discontinue and withdraw from the business of a public utility or common carrier.

FIRST SUPPLEMENTAL ORDER

Application having been made to the Railroad Commission, as indicated in the foregoing opinion, and the Commission being of the opinion that a further hearing in this matter is not necessary, and that the supplemental petition filed on December 12, 1928, should be granted, as herein provided,

IT IS HEREBY ORDERED as follows;-

1. West Coast Transit Company may transfer to Pickwick Stages System for One (\$1.00) Dollar the operative rights now leased to Pickwick Stages System under authority granted by Decision No. 17078, dated July 3, 1926.
2. West Coast Transit Company and Pickwick Stages System may execute an agreement and bill of sale substantially in the same form as that filed with the said supplemental petition as Exhibit "A".
3. West Coast Transit Company may discontinue and withdraw from the business of a public utility or common carrier.
4. The authority herein granted is subject to the following conditions;-
 - (a) No permission is hereby given Pickwick Stages System to link up or consolidate the operative rights herein authorized transferred, with the other operative rights now owned by it.
 - (b) The operative rights herein authorized to be transferred to Pickwick Stages System hereafter shall not be sold, leased, transferred, assigned, hypothecated or discontinued unless the written consent of the Railroad Commission is first obtained.
 - (c) No vehicle may be operated under the operative rights herein authorized to be transferred unless such vehicle is owned by Pickwick Stages System or is leased by it under a contract or agreement on a basis satisfactory to this Commission.
 - (d) The authority herein granted will become effective upon the date hereof.

DATED at San Francisco, California, this 28th day of December,

1938.

Leon Whitney
Chairman
Thomas D. Smith
M. J. Carr
-4- Commissioners.