

Decision No. 21058.**ORIGINAL**

## BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of	}	Application No. 15533
SOUTHERN PACIFIC MOTOR TRANSPORT		
COMPANY, a corporation, for permission		
to purchase all the outstanding and		
issued stock of California Parlor Car		
Tours Company, a corporation.	}	}

H. W. Hobbs, for applicant.

BY THE COMMISSION:

OPINION

Southern Pacific Motor Transport Company asks permission to purchase for \$75,000.00 all of the outstanding stock of California Parlor Car Tours Company amounting to 500 shares of the aggregate par value of \$50,000.00.

It appears that California Parlor Car Tours Company is engaged in the business of transporting passengers and baggage by motor vehicles between San Francisco and Los Angeles. The business is being conducted under the authority granted by Decision No. 14035 dated September 10, 1924, and by Decision No. 17904, dated January 3, 1927. The former decision authorizes the operation of a three day tour, the latter decision a two day tour between San Francisco and Los Angeles. This application does not involve any change in the terms and conditions under which said business is being conducted. Heretofore the company has issued under authority granted by this Commission \$50,000.00 of common capital stock, and it now seems that the owners thereof have agreed to sell such stock to

Southern Pacific Motor Transport Company for the sum of \$75,000.00.

The transfer of physical properties is not involved in this proceeding and therefore no part of the purchase price may be charged by applicant to its plant and equipment account. While we will grant this application, such action on our part is not to be construed as a determination by the Commission as to how much of the \$75,000.00 may in the future be capitalized through the issue of securities or charged to plant and equipment accounts in the event of the transfer of the assets of California Parlor Car Tours Company to Southern Pacific Motor Transport Company or used as the basis for fixing rates. None of these matters is now before the Commission.

In acquiring the outstanding stock of California Parlor Car Tours Company, Southern Pacific Motor Transport Company becomes the beneficial owner of all of that company's properties, including its operative rights. The purchaser is hereby placed upon notice that the "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.

R. B. Swayne on April 11th filed with the Commission a letter in which he protests the granting of this application. Mr. Swayne was notified of the hearing set for April 26th, but did not appear at such hearing to support his protest by competent evidence.

#### O R D E R

Southern Pacific Motor Transport Company, having applied to the Railroad Commission for permission to acquire the outstanding stock of California Parlor Car Tours Company, a public hearing having been held before Examiner Fankhauser, and the Commission being of

the opinion that this application should be granted, as herein provided,

IT IS HEREBY ORDERED, that Southern Pacific Motor Transport Company be, and it hereby is, authorized to acquire on or before August 1, 1929 and after such acquisition, hold all of the outstanding stock of California Parlor Car Tours Company, provided that the authority herein granted is subject to the limitations set forth in the foregoing opinion.

IT IS HEREBY FURTHER ORDERED, that the authority herein granted will become effective when Southern Pacific Motor Transport Company has filed with the Commission a written acceptance of such authority.

*May*  
~~1929~~ DATED at San Francisco, California, this 9<sup>th</sup> day of May 1929.

*Paul S. Lundy*

*C. C. Kelley*

*Ernest C. ...*

*Leon ...*

Commissioners.