

Decision No. 21277

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of Application of
A. E. CANFIELD to sell, and
SOUTHERN PACIFIC MOTOR TRANSPORT
COMPANY to purchase an automobile
passenger line operated between
Lompoc and Surf, California.

)
) Application No. 15724
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)

ORIGINAL

BY THE COMMISSION -

OPINION and ORDER

A. E. Canfield has petitioned the Railroad Commission for an order approving the sale and transfer by him to Southern Pacific Motor Transport Company, a corporation, of operating rights for an automobile service for the transportation of passengers and property between Lompoc and Surf and intermediate points, and Southern Pacific Motor Transport Company has petitioned for authority to purchase and acquire said operating rights and to hereafter operate thereunder, the sale and transfer to be in accordance with an agreement, a copy of which, marked Exhibit "A", 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 \$1500. Of this sum \$300 is declared to be the value of equipment and \$1200 is declared to be the value of intangibles. Approval of the transfer herein sought is with the understanding that Southern Pacific Motor Transport Company, a corporation, may not charge to its plant and equipment accounts more than \$300. Any sum paid in excess of \$300 for the aforementioned properties must be charged to Account No. 315, "Miscellaneous Charges to Income."

The operating rights herein proposed to be transferred were established in part by operation prior to May 1, 1917. Tariffs filed by Canfield show that on May 1, 1917, he was operating a passenger and baggage service between Lompoc and Surf. By

Decision No.21224, dated June 14, 1929, and issued on Application No.15696, he was authorized to transport express.

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.

Southern Pacific Motor Transport Company 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.

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 A. E. Canfield shall immediately unite with applicant Southern Pacific Motor Transport Company in common supplement to the tariffs on file with the Commission covering service given under certificate herein authorized to be transferred, applicant Canfield on the one hand withdrawing, and applicant Southern Pacific Motor Transport Company on the other hand accepting and establishing such tariffs and all effective supplement thereto.

3- Applicant Canfield shall immediately withdraw time schedules filed in his name with the Railroad Commission and applicant Southern Pacific Motor Transport Company shall immediately file, in duplicate, in its own name time schedules covering service heretofore given by applicant Canfield, which time schedules shall be identical with the time schedules now on file with the Railroad Commission in the name of Applicant Canfield, 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 Southern Pacific Motor Transport 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 24th day of June, 1929.

John B. Smith

C. J. Seamy

E. H. Jones

Leon Whiteley

W. J. Cunn
COMMISSIONERS.