

Decision No. 15849

ORIGINAL

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of
R. J. HEARNE to sell, and THE VALLEY
AND COAST TRANSIT COMPANY, a corporation,
to purchase the operative rights, fran-
chise and good will of that certain auto
truck line between San Luis Obispo,
Pismo, Oceano and Arroyo Grande, known
as Hearne's Auto Truck Line.

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) Application
) No. 15849
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)

BY THE COMMISSION -

OPINION and ORDER

R. J. Hearne has petitioned the Railroad Commission for an order approving the sale and transfer by him to The Valley and Coast Transit Company, a corporation, of operating rights for an automotive service for the transportation of property between San Luis Obispo and Pismo, Oceano and Arroyo Grande, and The Valley and Coast Transit Company, a corporation, 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 \$300, all of which sum is declared to be the value of intangibles.

The operating rights herein proposed to be transferred were established as follows:

Under the fictitious name of Hearnes Freight Truck, R. J. Hearne filed his C.R.C. No. 1, effective March 3, 1917, showing rates for the transportation of general freight between San Luis Obispo and Pismo, and the intermediate point of Arroyo Grande. By Decision No. 10466, dated May 16, 1922, and issued on Application No. 7535, R. J. Hearne was granted a certificate for transporting freight

**** between San Luis Obispo and Arroyo Grande, serving Pismo and Oceano and intermediate points, provided, however; that applicant shall carry no freight locally between Oceano and Arroyo Grande, *****

Under the fictitious name of Skov Truck Line, H.P.Skov, filed his C.R.C. No.1, effective August 20, 1918, showing rates for the transportation of general freight between Pismo and San Luis Obispo and intermediate points.

By Decision No.14017, dated September 6, 1924, the Commission authorized R. J. Hearne to acquire the freight operating right of H. P. Skov between Pismo and San Luis Obispo.

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 Valley and Coast Transit 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 Hearne shall immediately unite with applicant The Valley and Coast Transit Company in common supplement to the tariffs on file with the Commission covering service given under certificate herein authorized to be transferred, applicant Hearne on the one hand withdrawing, and applicant The Valley and Coast Transit Company on the other hand accepting and establishing such tariffs and all effective supplements thereto.

3- Applicant Hearne shall immediately withdraw time schedules filed in his name with the Railroad Commission and applicant The Valley and Coast Transit Company shall immediately file, in duplicate, in its own name time schedules covering service heretofore given by applicant Hearne which time schedules shall be identical with the time schedules now on file with the Railroad Commission in the name of applicant, 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 The Valley and 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.

6- The order herein shall not be construed by The Valley and Coast Transit Company as authority to link up, merge or consolidate the rights herein authorized to be transferred with its existing operating rights.

Dated at San Francisco, California, this 12th day of August, 1929.

Thos. S. Lott

C. S. ...

Ernest ...

Leon ...

COMMISSIONERS.