

sole ownership of the above right as evidenced by C.R.C. No. 3 of "Fresno Big Creek Stage Line" Local Passenger Tariff No. 3 effective May 1, 1919. The Rules and Regulations of C.R.C. No. 4 of "Fresno Big Creek Stage Line" Local Passenger Tariff No. 4, effective May 4, 1920 contained rates on freight and express between points as shown above.

By C.R.C. No. 1 of "Tollhouse Stage Line" issued by W.R. Miles effective March 1, 1917 a right to transport passengers, freight and baggage between Fresno and Toll House and all intermediate points via Humphrey Station, Sentinel, Letcher, Academy and Clovis was established.

By Decision No. 8463 issued on Application No. 6314 Miles was authorized to transport passengers and freight between Huntington Lake Lodge and upper end of Lake, serving as intermediate points Home Camp Creek, Line Creek, Colwell's Resort, Bear Creek and Rancheria Creek.

By Decision No. 10675 issued on Application No. 7583 Miles was authorized to operate an automobile stage line as a common carrier of passengers between Toll House and Pine Ridge, such service to be operated in connection with his existing passenger service between Fresno and Huntington Lake.

By Decision No. 21177 issued on Application No. 15643 Miles was authorized to operate a service for the transportation of passengers, freight and express between Camp 60 on the east shore of Huntington Lake and Camp 64 on the north shore of Florence Lake and intermediate points, subject to the condition that the certificate shall be accepted as an extension of the W.R. Miles' operating right between Fresno and Camp 60 and not as a separate operating right and that the service shall be seasonal, beginning on or about June 1st of each year and ending on or about September 1st.

In the existing Miles tariffs fares and service are shown to Watts Valley and Burroughs, points not authorized to be served by any certificate or prior right filing. The order herein will provide that fares and service scheduled to these points shall be eliminated.

Miles was also authorized by Decision No. 6883 to acquire from A.C. Mc Vey a prior right to transport passengers and property between Fresno and Del Rey. This right he subsequently transferred to Crabb, Morgan & Crabb under authority of Decision No. 6883 issued on Application No. 8456.

W.R. Miles in his annual report filed with this Commission reports assets and liabilities as of December 31, 1929, as follows:

ASSETS

Plant and equipment.	\$32,486.95
Cash	84.95
Notes receivable.	387.30
Mail contract	762.32
Accounts receivable.	2,781.67
Materials and supplies	1,384.80
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Total	\$37,887.99

LIABILITIES

Proprietor's account	\$21,621.05
Notes payable	6,521.81
Reserve for accrued depreciation	9,745.13
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	\$37,887.99

While applicants allege that \$30,000.00 of the purchase price represents the value of the equipment and \$5,000.00 the value of the operative rights, there is nothing in the record, nor in the annual report of W.R. Miles to show the cost of acquiring the operative rights. The annual report shows no charges to intangible capital.

While we have no authority to fix the amount which the purchaser may pay for the properties, we feel that of such purchase price not more than \$33,871.75 may be charged to road and equipment accounts and to materials and supplies, such charge being offset by a credit to the reserve for accrued depreciation of \$9,745.13 and a credit to cash account of \$24,126.62. The balance of the cash paid for the properties should be charged to profit and loss account 621, "Miscellaneous debits".

San Joaquin and Eastern Railroad 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 W.R. Miles shall immediately unite with applicant San Joaquin and Eastern Railroad Company in common supplement to the tariffs on file with the Commission covering service given under certificate herein authorized to be transferred, applicant Miles on the one hand withdrawing, and applicant San Joaquin and Eastern Railroad Company on the other hand accepting and establishing such tariffs and all effective supplements thereto, provided that said supplement of adoption shall exclude rates and fares to the points Watts Valley and Burroughs.

3- Applicant Miles shall immediately withdraw time schedules filed in his name with the Railroad Commission and applicant San Joaquin and Eastern Railroad Company shall immediately file, in duplicate, in its own name time schedules covering service heretofore given by applicant Miles, excepting the points Watts Valley and Burroughs, which time schedules shall otherwise be identical with the time schedules now on file with the Railroad Commission in the name of applicant Miles 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 San Joaquin and Eastern Railroad 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- San Joaquin and Eastern Railroad Company may charge to road and equipment accounts and to materials and supplies \$33,871.75 as of December 31, 1929, offset by a credit

to its reserve for accrued depreciation in the sum of \$9,745.13 and a credit to its cash account of \$24,126.82, such figures to be adjusted to reflect the cost additions and betterments or the retirement of properties from December 31, 1929 to the date of the transfer of the properties. The balance of the cash paid for the properties shall be charged to profit and loss account 621, "Miscellaneous debits".

7- The authority herein granted will become effective five days after the date hereof.

Dated at San Francisco, California, this 20th day of March 1930.

O. P. Kearney

John A. White

John D. Lott

M. A. Linn

COMMISSIONERS.