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Decision No. 28074

PEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of VALLEY MOTOR LINES, INC., for authority to purchase and acquire the right of B. O. THOMAS to operate an auto truck line for the transportation of property, for compensation, and as a common carrier, between Stockton and Merced, California, and intermediate points, together with certain operative property and assets; and of said B.O. Thomas to sell and transfer said property to Valley Motor Lines, Inc.

Application No.16957

BY THE COMMISSION -

OPINION and ORDER

B. O. Thomas has petitioned the Railroad Commission for an order approving the sale and transfer by him to Valley Motor Lines, Inc. of operating rights for an automotive service for the transportation of property between Stockton and Merced and intermediate points, and Valley Motor Lines, Inc., has petitioned for authority to purchase and acquire said operating rights and to hereafter operate thereunder.

The operating rights herein proposed to be transferred

Were originally established by Railroad Commission Decision No.5249,
dated March 29, 1918, by which the Commission granted to E.W.Spurr,

C. P. Stanbrough and A. A. Jordan, co-partners, a certificate of
public convenience and necessity to operate an automotive common
carrier freight service between Stockton and Fresno and intermediate
points. By Decision No.6026, dated December 26, 1918, and issued
on Application No.4267, the right granted by Decision No.5249 was
transferred to Stockton Fresno Motor Freight Co., a corporation,
now known as The White Lines, the corporate name having been changed.
The operation between Turlock and Fresno was later abandoned.
By Decision No.17374, dated September 21, 1926, and issued on
Application No.12650, The White Lines was authorized to extend its
service from Turlock to Merced, serving intermediates. Applicant
Thomas acquired the right by Decision No.21874, dated December 6,1929.

and issued on Application No.16112.

The physical properties to be transferred include five Mack trucks, one Ford truck, nine trailers and miscellaneous items including furniture and fixtures, garage equipment, etc., all as set forth in Exhibit "A" attached. The total assets and liabilities, as of September 30, 1930, are reported as follows:

ASSETS AND DEBIT BALANCES

Current assets: Cash on hand and in bank	5 2 \$ 896.28
Inventory and supplies: Show tool equipment 602.00	
Shop tool equipment	=
Supplies and repair parts	4
Office fixtures	0 1,844.04
Rolling stock: Trucks	•
Trailers	
Automobiles	0_13,700.00
Deferred charges	498.18
Miscellaneous	287.72
Total	\$ 17,226.22

LIABILITIES AND CREDIT BALANCES

Notes payable	\$ 9,000.00
Accounts payable	\$ 9,630.96
Depreciation reserves	2.544.34
	\$17,226,22

The consideration to be paid for the business and properties of B.O. Thomas is the sum of \$100.00, plus the assumption by the purchaser of the liabilities of said business.

We are of the opinion that this is not a matter in which a public hearing is necessary and that the application should be granted, provided that the purchaser in recording the transactions on its books of account does not charge to its asset accounts more than the amounts now carried by the seller in his ledger accounts as set forth above, and provided applicants comply with the other conditions of this opinion and order.

Valley Motor Lines, Inc., 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:

- l- 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 B.O. Thomas shall immediately unite with applicant Valley Motor Lines, Inc., in common supplement to the tariffs on file with the Commission covering service given under certificate herein authorized to be transferred, applicant Thomas on the one hand withdrawing, and applicant Valley Motor Lines, Inc., on the other hand accepting and establishing such tariffs and all effective supplements thereto.
- 3- Applicant Thomas shall immediately withdraw time schedules filed in his name with the Railroad Commission and applicant Valley Motor Lines, Inc. shall immediately file, in duplicate, in its own name time schedules covering service heretofore given by applicant Thomas, which time schedules shall be identical with the time schedules now on file with the Railroad Commission in the name of applicant Thomas, 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 Valley Motor Lines, Inc. 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 13th day of	Morenber, 1930
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