

LBM

Decision No. 24187

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of )  
O. C. & N. STAGES, INC., )  
a corporation, and T. B. Riley, W. G. )  
Allen and V. C. Linville, a coprtner- )  
ship, to transfer certain operative )  
rights, and for the approval of a )  
certain agreement in relation thereto.)

Application No. 17673

**ORIGINAL**

Harry Encell, by C. W. Petersen,  
for applicants.

BY THE COMMISSION:

O P I N I O N

In this application the Railroad Commission has been asked to make its order authorizing O. C. & N. Stages, Inc., to transfer to T. B. Riley, W. G. Allen and V. C. Linville certain operative rights and equipment used in the transportation of passengers, baggage and express generally between Redding, Alturas and the California-Oregon boundary line near New Pine Creek, and intermediate points, all in accordance with the terms of a certain agreement, dated August 11, 1931, filed with the application as Exhibit "A".

It appears that O. C. & N. Stages, Inc. is a corporation organized under the laws of the State of California and, under the authority granted by the Commission by Decision No. 23145, dated December 10, 1930, engaged in the operation of auto stages for the

transportation of passengers, baggage and express in Modoc, Shasta and Lassen Counties, generally between Susanville and the Oregon state line near Malin, and also between Alturas and the Oregon state line near New Pine Creek, and between Alturas and Redding via Bieber. The corporation has outstanding \$25,000.00 of stock of which \$9,000.00 is held by W. M. Sanford, \$9,000.00 by Frank G. Word, \$2,000.00 by J.R. Spaletti and \$5,000.00 by T. E. Riley. Its assets and liabilities as of September 30, 1931, are reported as follows:

---

A S S E T S

Franchises .....	\$26,708.40	
Passenger cars .....	11,105.35	
Tools and machinery .....	66.41	
Furniture and fixtures .....	224.10	
Miscellaneous .....	275.75	
Prepayments .....	1,144.40	
Cash .....	361.31	
Other current assets .....	1,847.52	
Deficit .....	<u>7,716.24</u>	
TOTAL ASSETS.....		<u>\$49,449.48</u>

L I A B I L I T I E S

Capital stock .....	\$25,000.00	
Notes and accounts payable .....	22,899.00	
Depreciation reserve .....	<u>1,550.48</u>	
TOTAL LIABILITIES.....		<u>\$49,449.48</u>

---

It is reported that the operations of the corporation have not been successful, a loss of \$10,094.14 having been incurred during 1931. It is felt that by separating the operations and disposing of the lines between Redding and Alturas and Alturas and the Oregon line near New Pine Creek, certain economies can be made and the lines operated more profitably. It appears in this connection that Allen and Linville, two of the copartners, at present are engaged in transporting freight by auto stage between Redding and Bieber, parallel-

ing the passenger line to be acquired by the copartnership, and it is planned, if hereafter permitted by the Commission, to effect a consolidation of the freight and passenger business between these two points and so reduce operating costs. As for the O. C. & N. Stages, Inc., it will have, following this transaction, the operations between Susanville and the Oregon line near Malin, and an interstate business between Susanville and Reno. These operations, it seems, are seasonal in their nature so that when divorced from the others, will not be burdened with overhead and other charges during the winter months, as they are at present.

To that end, therefore, an agreement has been made, dated August 11, 1931, between Frank Word and W. M. Sanford on the one hand and T. B. Riley on the other, which has been or will be assigned by Riley to the copartnership composed of Riley, Allen and Linville, whereby it is agreed that there will be transferred to the copartnership a seven passenger Willys-Knight sedan and a seven passenger Peerless sedan and the operative rights permitting business between Alturas and the Oregon line near New Pine Creek, Alturas and Bieber and Redding and Bieber. In consideration for the transfer, Riley will return to the corporation the \$5,000.00 of stock held by him and the copartners will assume the payment of certain debts of the corporation, amounting to about \$8,548.00, as follows:

---

Note to Northern California National Bank.....	\$3,500.00
Note to L. M. Estes .....	2,500.00
Accounts payable:	
F. C. Word .....	370.92
Union Oil Company .....	56.23
Buick repair shop .....	88.35
Jarmans garage .....	120.64
Auto Accessories Co. ....	32.12
John R. Bonner .....	30.00
Note held by Linville and Allen, about.....	1,500.00
One-half of interline tickets sold to August 1, 1931, about .....	350.00

---

It appears to us that the granting of this application is in the public interest. At the same time, we wish to place the purchasers 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 granted.

#### O R D E R

Application having been made to the Railroad Commission for an order authorizing the transfer of operative rights and properties from O. C. & N. Stages, Inc. to T. B. Riley, W. G. Allen and V. C. Linville, a public hearing having been held before Examiner Fankhauser, and the Railroad Commission being of the opinion that the application should be granted, as herein provided,

IT IS HEREBY ORDERED, that O. C. & N. Stages, Inc. be, and it hereby is, authorized to transfer to T. B. Riley, W. G. Allen and V. C. Linville, copartners, one seven-passenger Willys-Knight sedan and one seven-passenger Peerless sedan, and certain operative rights heretofore acquired by O. C. & N. Stages, Inc. under authority granted by Decision No. 23145, dated December 10, 1930, permitting the operation as an unified, consolidated system, of an automobile service for the transportation of passengers, baggage and express between:

1. Alturas and a point on the California-Oregon line near New Pine Creek, Oregon, and intermediate points, serving Fandango Mill by diversion;
2. Alturas and Bieber and all intermediate points via Lookout, or via Adin, or via Parks Ranch; and
3. Redding and Bieber and all intermediate points over and along the following route: along the Redding-Alturas State Highway from Redding to Bella Vista, Ingot, Round Mountain, Montgomery Creek, Burney, Cassell, Fall River Mill, McArthur, Pitville and Bieber.

The authority herein granted is subject to the following conditions:-

1. The transportation of express shall be limited to the passenger vehicles operated by the copartnership and to packages weighing not more than 100 pounds each.
2. No service shall be given to or from Willow Ranch or Surprise, located on the route between Alturas and New Pine Creek.
3. The transfer of the operative rights and equipment, as herein authorized, shall be made in accordance with the terms of the agreement, dated August 11, 1931, referred to in the foregoing opinion, which agreement hereby is approved.
4. O. C. & N. Stages, Inc. shall, within thirty(30) days from the date of the transfer of the operative rights, as herein authorized, withdraw tariffs and time schedules on file in its name with the Railroad Commission covering service under the rights herein authorized to be transferred, and T. B. Riley, W. G. Allen and V. C. Linville shall file in their own names tariffs

and time schedules, said time schedules and tariffs to contain the same rates, rules and regulations now maintained by said seller, or rates and time schedules satisfactory to the Railroad Commission.

5. 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.
6. 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.
7. No vehicle may be operated by T. B. Riley, W. G. Allen and V. C. Linville unless such vehicle is owned by said applicants or is leased by them under a contract or agreement on a basis satisfactory to the Railroad Commission.
8. The authority herein granted will become effective upon the date hereof.

DATED at San Francisco, California, this 26th day of October, 1931.

Leon C. White

W. A. Case

W. B. Harris

Fred G. Stewart

Commissioners.