

LBM

Decision No. 24874.

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of
A. L. RICHARDSON,
doing business as Pierce Arrow Stage,
to sell and A. L. Richardson, Jr., to
purchase an automobile stage line
operated between Sacramento and Lake
Tahoe points, via Placerville.

ORIGINAL

Application No. 18071

Gwyn H. Baker, for applicants

BY THE COMMISSION:

O P I N I O N

In this application A. L. Richardson asks permission to sell and transfer to A. L. Richardson, Jr., autostage operative rights and properties.

It appears that A. L. Richardson, doing business under the firm name and style of Pierce Arrow Stages, is engaged in the business of transporting passengers and express by autostages generally between Sacramento and Lake Tahoe via Placerville. His operative rights permitting such transportation were obtained by grant of the Railroad Commission by Decision No. 15059, dated June 15, 1925, (Vol. 26, Opinions and Orders of the Railroad Commission of California, page 623) and permit the operation as one unified system of through service for the transportation of passengers, baggage and express between all the termini and intermediate points served by and along the following routes:-

1. Between Sacramento and Tallac, Lakeside and Fallen Leaf and intermediate points via Placerville.
2. Between Lakeside and Tahoe City and intermediate points as follows: Bijou, Al Tahoe, Grove, Tallac, Emerald Bay, Meek's Bay, Pomins, Moana Villa, McKinney's and Homewood.
3. Between Diamond Springs Cross Roads and Diamond Springs and intermediate points.
4. Between Placerville and Camino and intermediate points.

Provided, that the right to transport express shipments, herein granted, shall be subject to the limitation that no single package shall exceed thirty(30) pounds in weight, excepting only shipments of automobile parts which shall not exceed one hundred(100) pounds in weight.

It now appears that A. L. Richardson desires to retire from the autostage transportation business and has made arrangements to transfer to his son, A. L. Richardson, Jr., the above operative rights and thirteen stages and two touring cars, together with machinery, tools, parts, etc.

The consideration to be paid by the purchaser is the sum of \$30,000.00, all of which is alleged to represent the estimated present value, after deducting depreciation, of the physical properties, nothing being included for the operative rights. Under the agreement of sale and transfer the purchase price will be evidenced by a note, secured by chattel mortgage on the equipment, in the principal amount of \$30,000.00, payable in monthly installments of not less than \$200.00, the first payment being due on May 1, 1932 and monthly thereafter. No interest is stated in the proposed note.

It appears to us that applicant's request to transfer properties and execute a chattel mortgage and note should be granted. In doing so, however, we wish to place the purchaser 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.

ORDER

Application having been made to the Railroad Commission for an order authorizing the transfer of properties and the execution of a chattel mortgage and note, and the Commission being of the opinion that this is not a matter in which a public hearing is necessary and that the money, property or labor to be procured or paid for through the issue of the note is reasonably required for the purpose specified herein, which purpose is not in whole or in part reasonably chargeable to operating expense or to income,

IT IS HEREBY ORDERED, that A. L. Richardson, doing business under the firm name and style of Pierce Arrow Stages, be, and he hereby is, authorized to transfer to A. L. Richardson, Jr., the certificate of public convenience and necessity acquired by him by Decision No. 15059, dated June 15, 1925, and the auto stage properties described in the application herein.

IT IS HEREBY FURTHER ORDERED, that A. L. Richardson, Jr. be, and he hereby is, authorized to execute a chattel mortgage substantially in the same form as that filed with the application herein, and to issue a note, secured by said chattel mortgage, in the principal amount of \$30,000.00, payable in monthly installments of not less than \$200.00, for the purpose of paying for the properties herein authorized to be transferred.

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

- (1) A. L. Richardson, seller, 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 his name with the Railroad Commission covering service under the rights herein authorized to be transferred, and A. L. Richardson, Jr., buyer, shall adopt or file in his own name such tariffs and time schedules, said time schedules and tariffs to contain the same rates, rules and regulations now maintained by said seller, or rates, rules, regulations and time schedules satisfactory to the Railroad Commission.
- (2) 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.
- (3) 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.
- (4) No vehicle may be operated by A. L. Richardson, Jr. unless such vehicle is owned by said applicant or is leased by him under a contract or agreement on a basis satisfactory to the Railroad Commission.
- (5) A. L. Richardson, Jr. shall keep such record of the issue of the note herein authorized as will enable him to file within thirty (30) days thereafter a verified

report, as required by the Railroad Commission's General Order No. 24, which order, insofar as applicable, is made a part of this order.

- (6) The authority herein granted will become effective when A. L. Richardson, Jr. has paid the fee prescribed by Section 57 of the Public Utilities Act, which fee is Thirty(\$30.00) Dollars.

DATED at San Francisco, California, this 11th day of April, 1932.

C. L. Scully
Leon Swidley
W. P. Linn
W. B. Harris
Frederic G. Stewart
Commissioners.

