

Coast Rapid Transit Company, is engaged in the operation of an automobile stage line for the transportation of passengers between Manhattan Beach, Hermosa Beach, Redondo Beach and Inglewood. His operations are being conducted under authority granted by the Commission as follows:

By Decision No. 9343, 8/10/21, on Application No. 6928, as amended by Decision No. 10135, 2/27/22, on Application No. 7405, the right to transport passengers between Redondo Beach, Hermosa Beach, Redondo Villa Tract, Inglewood and way points, to include Lawndale and Hawthorne,

"Beginning at Emerald Avenue and Pacific Terminal, northwesterly along Pacific Avenue to El Camino Real, thence to junction of Pier Avenue, Hermosa Beach; thence along Pier Avenue to Hermosa Avenue; thence returning along Pier Avenue to El Camino Real; thence north to Center Street, Redondo Villa Tract; and thence northerly over the county road, by way of Lawndale and Hawthorne to Inglewood, returning from Inglewood to Redondo over the same identical route."

By Decision No. 10933, 9/2/22, on Application No. 8076, authority was granted to operate, in bound, the Inglewood Line to Hermosa Beach over the following route:

"From Pier Avenue, Hermosa Beach, to Redondo Beach by way of Hermosa Avenue, in lieu of return route from Pier Avenue and Hermosa Avenue to Camino Real, provided for by Decision No. 9343, and nothing else."

The Order and Decision No. 10933 is subject to the stipulation made with Pacific Electric Railway Company to receive or discharge no passengers from Hermosa Beach to Redondo Beach, except incoming through-passengers from beyond Hermosa Beach.

By Decision 13838, 7/23/24, on Application 10196, as amended by Decision No. 14667, 3/13/25, on First Supplemental Application No. 10196, to transport passengers between Redondo Beach, Hermosa Beach and Manhattan Beach, and intermediate

points, over the following route:

"Beginning at Emerald Avenue in the City of Redondo Beach, thence north along Hermosa Avenue to 26th Street in the City of Hermosa Beach, thence northeasterly along Manhattan Court to Manhattan Avenue, thence north on Manhattan Avenue to Center Street in the City of Manhattan Beach, thence east along Center Street to Highland Avenue, thence north on Highland Avenue to Rosecrans Avenue in said City of Manhattan Beach."

By Decision No. 18779, 9/10/27, on Second Supplemental Application No. 10196, the authority granted in Decision No. 14667 was extended to permit change of terminal in Redondo Beach by extension of service to and along the following route:

"...south on Pacific Avenue to Opal Street, east on Opal Street to South Elena Street, thence south on South Elena Street to Nob Hill Street,"

all within Redondo Beach.

By Decision No. 21960, 12/28/29, on Application No. 15573, the authority to transport passengers between Manhattan Beach and Lawndale and intermediate points over the following route:

"..... between the intersection of Rosecrans Avenue and Highland Drive in Manhattan Beach, in a general easterly direction along Rosecrans Avenue a distance of about four miles to the intersection of Third Street and Rosecrans Avenue at Lawndale; thence south on Third Street to Market Street in Lawndale; thence east on Market Street to Hawthorne Boulevard in Lawndale.

"As an extension of the present operations between Redondo and Manhattan Beach and between Redondo Beach and Inglewood."

It is reported that the physical assets owned by D. B. Maurice include Lots 9 and 10 of Block 2 of G. C. Allen's Subdivision, City of Hermosa Beach, together with an office, garage and shop building and a four-room dwelling erected thereon, and equipment, tools, stocks and rolling equipment, consisting of

nine passenger stages of 18, 21 and 25 carrying capacity, and a service car and tow car. The balance sheet of D. B. Maurice, as of September 1, 1932, is set forth in Exhibit "B" in Application No. 18405, and shows the following:

ASSETS

Cash	\$ 2,000.00
Real Property	2,000.00
Office, Garage and Shop building	1,616.00
Four-room dwelling	1,200.00
Equipment, tools and stock ..	5,551.00
Auto stages and other cars ..	<u>23,600.00</u>
Total Assets	<u>\$35,967.00</u>

LIABILITIES

Notes Payable	\$ 4,498.00
Miscellaneous bills payable. .	2,763.58
Judgment	5,136.00
Total Liabilities	<u>\$12,397.58</u>
NET WORTH	<u>23,569.42</u>
Total Liabilities and Net Worth	<u>\$35,967.00</u>

The applications show that D. B. Maurice has made arrangements to transfer the foregoing operative rights and properties, subject to outstanding liabilities, to Sunset Stages in exchange for \$10,000.00 par value of the capital stock of the corporation. No part of the transfer price is claimed to represent any value for the operative rights.

It appears to the Commission that the issue of \$10,000.00 of stock is not unreasonable. We wish, however, to place Sunset Stages 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 give to the holder a full or partial monopoly of a class of business over a particu-

lar route. This monopoly feature may be changed or destroyed at any time by the state, which is not in any respect limited in the number of rights which may be given.

O R D E R

Applications having been made to the Railroad Commission for an order authorizing D. B. Maurice to transfer auto stage rights and properties to Sunset Stages, and authorizing Sunset Stages to issue \$10,003.00 of capital stock, and the Railroad Commission being of the opinion that these are not matters in which public hearings are necessary, that the applications should be granted as herein provided, and that the money, property or labor to be procured or paid for through the issue of the \$10,003.00 of capital stock is reasonably required for the purpose herein stated, which purpose is not in whole or in part reasonably chargeable to operating expenses or to income, therefore,

IT IS HEREBY ORDERED, that D. B. Maurice, doing business under the firm name and style of West Coast Rapid Transit Company, be, and he hereby is, authorized to transfer to Sunset Stages, on or before December 31, 1932, subject to outstanding liabilities, the operating rights and properties referred to in these applications and in the foregoing opinion.

IT IS HEREBY FURTHER ORDERED, that Sunset Stages be, and it hereby is, authorized to issue, on or before December 31, 1932, \$10,003.00 of its common capital stock and to deliver \$10,000.00 thereof to D. B. Maurice in payment for auto stage properties and to sell at par, for cash, \$3.00 for the purpose of paying in part organization and incorporation expenses.

IT IS HEREBY FURTHER ORDERED, that Sunset Stages be, and it hereby is, authorized to assume the payment of not exceeding \$12,397.58 of indebtedness of D. B. Maurice in part payment for the rights and properties herein authorized to be transferred.

The authority herein granted is subject to the following conditions:

1. D. B. Maurice within thirty (30) days from the transfer of the operative rights as herein authorized shall cancel his tariffs and time schedules on file in his name with the Railroad Commission covering service under the rights herein authorized to be transferred, and Sunset Stages, a corporation, shall adopt as its own the time schedules and tariffs of D. B. Maurice, or file in its own name new tariffs and time schedules which shall contain the same rates, rules and regulations now maintained by D. B. Maurice, or rates and time schedules satisfactory to the Railroad Commission.

2. The consideration to be paid for the properties herein authorized to be transferred shall never be urged before this Commission, or any other rate fixing body, as determining the value of said properties for any purpose other than the transfer herein authorized.

3. The rights and privileges herein authorized to be transferred may not be sold, leased, transferred nor assigned, nor service thereunder discontinued by Sunset Stages, unless the written consent of the Railroad Commission first has been secured.

4. No vehicle may be operated by Sunset Stages unless it is owned or leased by it under a contract or agreement on a basis satisfactory to the Railroad Commission.

5. Sunset Stages shall keep such record of the issue of the stock herein authorized and of the disposition of the proceeds as will enable it to file, on or before 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.

DATED at San Francisco, California, this 14th day of September, 1932.

C. Seaver

M. B. Lantz
Fred G. Stewart