Decision No. 25651

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of Associated Transit Company, Inc., to lease with option to sell to the Los Angeles & Interurban Transportation Co., operative rights for the transportation of property in Southern California.

Application No. 18678.

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BY THE COMMISSION:

## OPINION and ORDER

Associated Transit Company, Inc., a corporation, has petitioned the Railroad Commission for an order approving the transfer by it to Los Angeles & Interurban Transportation Co., a corporation, of operating rights for an automotive service for the transportation of passengers and property between los Angeles, Los Angeles Harbor and various points and Los Angeles and Interurban Transportation Co. has petitioned for authority to purchase and acquire said operating rights and to hereafter operate thereunder, the transfer to be in accordance with an agreement, a copy of which, marked Exhibit TAT, is attached to the application herein and made a part thereof.

This agreement provides for the acquisition of the right by Los Angeles & Interurban Transportation Co. by paying for a period of six months, beginning Jamary 31, 1933, \$100.00 per month, with an option as of August 1, 1933, to finally acquire the rights by the payment of \$1000.00 additional. No equipment is to be transferred.

The operating rights herein proposed to be transferred were created by Decision No. 14404, dated December 27, 1924, on Application No. 10080 and Decision No. 24647, dated April 4, 1932, on Application No. 17770. Other rights possessed by Associated Transit Company are not included in the agreement.

We are of the opinion that this is a matter in which a public hearing is not necessary and that the application should be granted. Los Angeles & Interurban Transportation Co. 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 anthorized. 2. Applicant Associated Transit Company, Inc. shall immediately unite with applicant Ios Angeles & Interurban Transportation Co. in common supplement to the terriffs on file with the Commission covering service given under certificate herein authorized to be transferred, applicant Associated Transit Company, Inc. on the one hand withdrawing, and applicant Los Angeles & Interurban Transportation Co. on the other hand accepting and establishing such tariffs and all effective supplements thereto. 3. Applicant Associated Transit Company, Inc. shall immediately withdraw time schedules filed in its name with the Railroad Commission and applicant Los Angeles & Interurban Transportation Co. shall immediately file, in duplicate, in its own name time schedules covering service heretofore given by applicant Associated Transit Company, Inc., which time schedules shall be identical with the time schedules now on file with the Railroad Commission in the name of applicant Associated Transit Company, Inc. 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. -25. No vehicle may be operated by applicant Los Angeles & Interurban Transportation Co. 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 20th day of Tehrman 1933.