

Decision No. 0913

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

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ORIGINAL

In the Matter of the Application of )  
 W. D. GREER, owning the W. D. GREER )  
 STAGE LINE to sell and CHARLES A. HARE :  
 to purchase equipment and operative :  
 rights authorizing the operation of )  
 automobile stage service between ) Application No. 7388  
 Bakersfield, Famosa, Lost Hills, Pismo, :  
 and intermediate points, and between :  
 Taft, McKittrick, Lost Hills and inter- )  
 mediate points. )

H. A. Loveland for applicant

BY THE COMMISSION,

O P I N I O N

In the application entitled as above W. D. Greer, doing business under the fictitious name of W. D. Greer Stage Line and Charles A. Hare, jointly petition the Railroad Commission for an order authorizing W. D. Greer to sell and Charles A. Hare to purchase certain operative rights at present owned by W. D. Greer, authorizing the operation of an automobile stage line together with equipment, office furnishings, etc, used in such business.

A hearing was held upon the above entitled application before Examiner Satterwhite on December 15th, 1921, at San Francisco at which time the matter was submitted and it is now ready for decision.

The operative rights herein proposed to be transferred include the following:

Decision No. 7352, in Application No. 5029, authorizing W. D. Greer to operate an automobile stage line as a common carrier of passengers, package and express between Pismo, San Luis Obispo County, and McKittrick, Kern County, via Paso Robles, Shandon and Lost Hills, but prohibiting the transportation of passengers between Pismo and Paso Robles and intermediate points.-

Decision No. 7511, in Application No. 5530, authorizing the Western Auto Stage Company, Inc., to transfer to W. D. Greer operative rights authorizing the operation of automobile passenger service between the City of Taft, Kern County and San Luis Obispo and Pismo Beach, San Luis Obispo County.-

Decision No. 7735, in Application No. 5564, authorizing W. D. Greer to operate an automobile stage line as a common carrier of through passengers and baggage between Lost Hills and Bakersfield, but prohibiting the operation of local service between Lost Hills, Wasco and Bakersfield:

Decision No. 7917, in Application No. 5922, authorizing W. D. Greer to operate automobile passenger service between Lost Hills, Associated Camp, General Petroleum Camp and Bellridge Camp.-

Decision No. 8568, in Application No. 6247 authorizing W. D. Greer to operate an automobile stage line as a common carrier of passengers between Lost Hills, Wasco, Bakersfield and intermediate points.

Decision No. 9442, in Application No. 6832, authorizing W. D. Greer, to operate an automobile stage line as a common carrier of passengers between Fellows, and McKittrick, serving as intermediate points Santa Fe Camp, American Oil Fields and Shale.

Consideration to be paid for the property herein proposed to be transferred is given as the sum of \$18,000.00 divided as follows: Equipment \$8,000.00; office furniture, fixtures, etc. \$4,000.00, good will and franchises \$6,000.00. The application states that the equipment consists of two Packard automobiles. This was later amended by testimony of applicant to include in addition thereto one Cadillac Eight. Applicant testified that the value of the Cadillac was \$3,500.00 and the value of the two Packard machines approximately \$2,250.00 each. Furniture, fixtures, etc. include sign boards, tickets, desks, stamping machines and miscellaneous office equipment and supplies at present owned by W. D. Greer and distributed among the twelve stations which he operates in connection with his present service.

Applicant Greer testified that the Commission authorized the Western Auto Stage Company, Inc. to transfer to him their operative right between Mc Kittrick and Pismo for the sum of \$6,000.00; that under the present proceeding, he proposes to sell not only such

operative right, but such additional rights as he has acquired before and subsequent to such transfer for a like amount. This sum to include all prepaid local licenses, motor vehicle license, taxes, etc. covering his entire present operation.

There is no question but that the consideration to be paid for the property herein proposed to be transferred is in excess of the actual value of the physical property. This fact was called to the attention of the proposed purchaser at the hearing in this proceeding at which time it was explained to him that the consideration paid by the purchaser of public utility property was in no way binding upon this Commission as a measure of value for rate fixing or any other purposes. Irrespective of such fact the proposed purchaser, who is a public accountant in the City of Bakersfield, stated that he had audited the books of accounts of the W. D. Greer Stage Line for the past two years and was perfectly willing to purchase such properties under the above conditions.

The Commission desires to call attention at this time to a condition which has developed in the motor carrying industry wherein it appears that applications are filed with this Commission for franchises authorizing the operation of either passenger or truck lines; that the applicants do not intend to engage in such business in good faith, but merely to acquire a certificate, operate the service for a limited period of time until a purchaser can be found who will not only pay a reasonable value for the actual physical properties proposed to be transferred, but a considerable amount in addition thereto for the operative rights which operative rights were granted by the State to the original applicant without charge. Such practice must be stopped as no dependable transportation system can ever be established when individuals are permitted to speculate in operative rights authorizing the establishment and operation of transportation lines. The Commission will hereafter look with disfavor upon any application to transfer an automobile stage or truck line wherein the

consideration to be paid for the intangible property rights is of such amount as to appear not warranted under the circumstances surrounding its original acquisition, but finds it difficult to lay down a hard and fast rule, preferring rather to judge of each application upon its own statement of facts.

O R D E R

A hearing having been held in the above entitled application, evidence submitted and the Commission being fully advised,

IT IS HEREBY ORDERED that the above entitled application be, and the same hereby is granted subject to the following conditions:

1. That the consideration to be paid for the property herein proposed to be transferred shall never be urged before this Commission or any other rate fixing body as a measure of value for rate fixing or any purposes other than the transfer herein authorized.
2. That applicant W. D. Greer, owning the W. D. Greer Stage Line, shall immediately cancel all tariff of rates and time schedules now on file with the Railroad Commission, such cancellation to be in accordance with the provisions of General Order No. 51 and other regulations of the Railroad Commission.
3. That applicant Charles A. Hare shall immediately file tariff of rates and time schedule, in duplicate, in his own name, or adopt as his own the tariffs and time schedules heretofore filed with the Railroad Commission by applicant W.D. Greer, all rates and time schedules to be identical with those filed by applicant Greer.
4. That the rights and privileges herein authorized to be transferred may not be discontinued, sold, leased, transferred nor assigned unless the written consent of the Railroad Commission to such discontinuance, sale, lease, transfer or assignment has first been secured.
5. That no vehicle may be operated by the applicant Charles A. Hare, 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.

Dated at San Francisco, California, this 23<sup>rd</sup> day of December 1921.

*H. P. Brandegee*  
*H. D. Loveland*  
*Jarvis Wharton*  
*Charles H. Brown*  
*W. F. Woodruff*  
Commissioners