

Decision No. ~~28202~~

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of )  
G. L. FORTIER and C.E.FORTIER, )  
a co-partnership, for authority to )  
sell and the Huntington Stage Lines, )  
Inc., a corporation, for authority )  
to acquire the automobile, passenger, )  
express and freight lines operating )  
between Fresno and Lakeshore, in the )  
County of Fresno, and of Huntington )  
Stage Lines, Inc., for authority to )  
issue stock. )

Application No. 19975

ORIGINAL

Chester R. Andrews, for applicants.

BY THE COMMISSION:

O P I N I O N

In this application, as amended, the Commission is asked to authorize G. L. Fortier and C. E. Fortier, a co-partnership engaged in the business of transporting passengers and property between Fresno and Florence Lake, to transfer their properties used in said business, together with their operative rights under which said business is being conducted, to Huntington Stage Lines, Inc. and to authorize Huntington Stage Lines, Inc. to issue \$4,400.00 par value (4400 shares) of common capital stock in payment for such properties.

The operative rights referred to in this application were created by Decision No. 22717 dated July 27, 1930 in Application No. 16743, as amended by Decision No. 25371 dated November 21, 1932, in said Application No. 16743. The operative rights were granted to the San Joaquin and Eastern Railroad Company. By Decision No. 26991 dated April 23, 1934, in Application No. 19405 the Commission authorized San Joaquin and Eastern Railroad Company to transfer the operative rights granted to it by Decision No. 22717 dated July 27, 1930, as amended by Decision No. 25371 dated November 21, 1932 to

G. L. Fortier and C. E. Fortier. The operative rights in general (notwithstanding any statement to the contrary contained in this application) authorize an automotive service for the transportation of passengers and property between Fresno and Florence Lake and certain intermediate points.

The equipment which the co-partners ask permission to transfer to Huntington Stage Lines, Inc., which will be transferred free and clear of all liens and encumbrances, and the estimated present value thereof, consists of the following:-

1.	Studebaker 18-passenger bus valued at . . . . .	\$1,500.
1	Studebaker 11-passenger bus valued at . . . . .	850.
1	Studebaker 5-passenger bus valued at . . . . .	50.
1	Ford Station Wagon valued at . . . . .	150.
1	1-1/2 ton Ford Truck valued at . . . . .	400.
1	1-1/2 ton Ford Truck valued at . . . . .	400.
1	Studebaker Truck valued at . . . . .	800.
1	White Truck valued at . . . . .	250.
	Total . . . . .	<u>\$4,400.</u>

It appears from the application that the stock which the Huntington Stage Lines, Inc. desires permission to issue will be delivered in payment for the properties that it seeks to acquire from the co-partnership and that it will thereafter be distributed to G. L. Fortier, C. E. Fortier and R. L. Herring in the proportion of 30%, 30% and 40% respectively. The Commission has no interest in the distribution of this stock by the co-partnership and therefore of course has no objection to some of the stock being delivered to R. L. Herring. In this connection it might be said that R. L. Herring is an employee of the co-partnership and has an employment contract which, upon the transfer of the properties, will be cancelled.

The Huntington Stage Lines, Inc. is hereby put 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 the 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 in the number of rights which may be given.

O R D E R

Application having been made to the Railroad Commission for an order authorizing the transfer of auto stage operative rights and properties to Huntington Stage Lines, Inc. and the issue by Huntington Stage Lines, Inc. of \$4,400.00 par value of its capital stock, 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 such stock is reasonably required for the purpose specified herein, which purpose is not, in whole or in part, reasonably chargeable to operating expenses or to income,

IT IS HEREBY ORDERED that G. L. Fortier and C. E. Fortier be, and they hereby are, authorized to transfer to Huntington Stage Lines, Inc. the operative rights and properties referred to in the preceding opinion, and Huntington Stage Lines, Inc. be, and it hereby is, authorized to issue, on or before December 31, 1935, in payment therefor, not exceeding \$4,400.00 par value of its capital stock.

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

1. G. L. Fortier and C. E. Fortier and Huntington Stage Lines, Inc., a corporation, applicants herein, shall join in a common supplement, to be filed in triplicate, the former withdrawing from the tariffs on file with the Commission in their name and the latter adopting and establishing as its own such tariffs and all effective supplements thereto.

2. Huntington Stage Lines, Inc. shall file, in duplicate, time schedules covering its service under the operative rights herein authorized to be transferred to it, such time schedules to be identical with those heretofore filed by G. L. Fortier and C. E. Fortier, or time schedules satisfactory to the Commission.
3. The rights and privileges herein authorized to be transferred may not hereafter be sold, transferred, leased nor assigned, nor service thereunder discontinued, unless the written consent of the Railroad Commission has first been secured.
4. No vehicle may be operated by Huntington Stage Lines, Inc. under the authority herein granted, unless such vehicle is owned by it or is leased by it under a contract or agreement on a basis satisfactory to the Commission.
5. Huntington Stage Lines, Inc. shall keep such record of the issue of the stock herein authorized as will enable it to file, within thirty (30) days thereafter, a verified report such as is 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 hereinabove granted will become effective upon the date hereof.

DATED at San Francisco, California, this 3rd day of <sup>September</sup>~~August~~,

1935.

Leon C. Williams  
M. J. Quinn  
Paul R. Quinn

Commissioners.