

Decision No. 28777

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of)
ORANGE BELT STAGES, INC.,)
a corporation, for permission to) Application No. 20383
issue stock.

Brittan & Mack, for applicants.

BY THE COMMISSION:

ORIGINAL

O P I N I O N

In this proceeding the Commission is asked to make an order authorizing Cyril C. Haworth to transfer auto stage operating rights and properties to Orange Belt Stages, Inc. and authorizing Orange Belt Stages, Inc. to issue \$6,850.00 par value of its common capital stock in payment.

It appears that Cyril C. Haworth, doing business under the firm name and style of Orange Belt Stages, is engaged in the business of transporting passengers by auto stages between Porterville and Coalinga via Visalia and Hanford, with a side line to Goshen Junction, and between Porterville and Delano, and, under the firm name and style of Kern County Transit Company, in transporting passengers by auto stages between Bakersfield and Paso Robles via Famosa, Wasco, Lost Hills and Shandon.

The records of the Commission show that Cyril C. Haworth is the owner of certain rights under which he conducts the business known as Orange Belt Stages, having acquired such rights by purchase from Pacific Greyhound Lines, Inc. pursuant to authority granted by Decision No. 26662, dated December 18, 1933, as amended by Decision No. 27480, dated October 29, 1934, and by Decision No. 27442, dated October 15, 1934, and that he is the lessee of certain rights under which

he conducts the business known as Kern County Transit Company, the lease arrangement with Pickwick Stages System, the then owner, having been approved by the Commission by Decision No. 22150, dated February 24, 1930. The lease, it appears, is on a year to year basis at an annual rental of \$1.00.

In addition to the operating rights, Cyril C. Haworth, it is reported, is the owner of certain equipment having a total estimated value of \$6,850.00 as follows:-

7-Passenger 1932 Plymouth sedan	\$350.00
7-Passenger 1930 Buick sedan	300.00
7-Passenger 1930 Buick sedan	300.00
7-Passenger 1931 Buick sedan	375.00
16-Passenger 1933 G.M.C. bus	800.00
21-Passenger 1933 Dodge bus	925.00
16-Passenger 1936 Chevrolet bus	<u>3,800.00</u>

Total..... \$6,850.00

It now is proposed to cause the transfer of the above operating rights and properties to Orange Belt Stages, Inc., a new corporation, in exchange for \$6,850.00 par value of stock, an amount equivalent to the total estimated present value. In its original petition the corporation asked permission to issue \$15,000.00 of stock. By an amendment to the petition the amount was reduced to \$6,850.00. It appears that through the transfer there will be no change in the operation and management of the business and that the application accordingly should be granted. In making the order herein, however, we wish to place Orange Belt Stages, Inc. upon notice that certificates of public convenience and necessity granting operating 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 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 operating rights and properties and the issue of \$6,850.00 of stock, and the Commission having considered applicant's request and being of the opinion that this is not a matter in which a public hearing is necessary, that the application should be granted/^{only}as herein provided, 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 expense or to income, therefore,

IT IS HEREBY ORDERED that Cyril C. Haworth be, and he is hereby, authorized to transfer and assign on or before July 31, 1936, to Orange Belt Stages, Inc. the operating rights and properties referred to in the foregoing opinion, and Orange Belt Stages, Inc. be, and it hereby is, authorized to issue in payment not exceeding \$6,850.00 par value of its common capital stock.

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

1. Cyril C. Haworth and Orange Belt Stages, Inc. shall join immediately in common supplement to be filed in triplicate, to the tariffs on file with the Commission in the name of the transferor, Cyril C. Haworth on the one hand withdrawing and Orange Belt Stages, Inc. on the other hand accepting and establishing as its own such tariffs and all effective supplements thereto.
- * 2. Cyril C. Haworth shall withdraw immediately time schedules filed in his name with the Railroad Commission and Orange Belt Stages, Inc. shall file, in duplicate, in its own name, new time schedules which shall be identical with those now on file in the name of Cyril C. Haworth, or time

schedules satisfactory to the Commission.

3. The rights and privileges herein authorized to be transferred may not hereafter be sold, leased, transferred nor assigned, nor service thereunder discontinued, increased or changed by Orange Belt Stages, Inc. unless the written consent of the Railroad Commission has first been secured.
4. No vehicle may be operated by Orange Belt Stages, Inc. under the authority granted, 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.
5. Orange Belt Stages, 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, as required by the Railroad Commission's General Order No. 24, which order, insofar as applicable, is made a part of this order.

The authority herein granted will become effective fifteen (15) days after the date hereof.

DATED at San Francisco, California, this 4th day of May, 1936.

W B. Lamm
Leon A. White
W. A. Linn
W. H. Linn
Frank B. Linn
Commissioners.