

Decision No. 29055

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the application
of BIRDIE M. MACY to lease and
SOUTHERN CALIFORNIA FREIGHT LINES,
a corporation, to operate an
automobile freight line between
Los Angeles and Sierra Madre and
intermediate points.

Application No. 20674

ORIGINAL

BY THE COMMISSION:

O P I N I O N

Birdie M. Macy holds operating rights for an automotive service for the transportation of freight between Los Angeles, Pasadena and Sierra Madre and intermediate points authorized by Decision No. 11407 dated December 29, 1922, on Application No. 8303 and Decision No. 15798, dated December 28, 1925 on Application No. 11926.

Applicant Macy, pursuant to the authority granted by Decision No. 25859, dated April 24, 1933, leased said operating rights to Rice Transportation Company. By Decision No. 27366, dated September 17, 1934, the rights of Rice Transportation Company, under said lease, were acquired by Coast Truck Lines, a corporation, whose name has since been changed to Southern California Freight Lines.

The applicants seek authority to substitute the new lease for the lease mentioned above.

In the proposed lease, applicant Macy is to lease her operating rights to Southern California Freight Lines for a period of ten (10) years beginning on the first day of the month following the order of the Railroad Commission approving the lease at a rental of six hundred (\$600) dollars per year payable in equal monthly installments of fifty (\$50) dollars. It is

further agreed in said lease that at the end of the term thereof, applicant Macy will sell and the Southern California Freight Lines will buy said operating rights for the sum of six thousand (\$6000) dollars.

Inasmuch as the applicant, Southern California Freight Lines is at this time operating said rights, the leasing of the right carries with it no change in schedules or rates and no equipment is to be transferred.

This appears to be a matter in which a public hearing is not necessary. The application will be granted.

Southern California Freight Lines 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.

O R D E R

IT IS HEREBY ORDERED THAT Birdie M. Macy be, and she is hereby authorized to lease to Southern California Freight Lines her operating right for the transportation of property between Los Angeles, Pasadena and Sierra Madre and intermediate points in accordance with the terms of Exhibit "A" attached to and made a part of the application heretofore referred to 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 for any purpose other than the transfer herein authorized.

2. 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 obtained.

3. No vehicle may be operated by applicant Southern California Freight Lines 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 17th

day of August, 1936

M. B. Davis
Leon Cuperty
W. H. Curran
W. G. Hartman
Frank R. Miller
COMMISSIONERS