

Decision No. 29705

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of)
 FORREST STEWARD and F. J. LAWRENCE)
 to sell, and FLOYD B. PEARSON to)
 purchase an automobile passenger) Application No. 21132
 line between Palo Alto, U. S. Vet-)
 erans' Hospital No. 24, Bellehaven City)
 and Coleman Avenue, California.)

BY THE COMMISSION:

ORIGINALO P I N I O N

Forrest Steward and F. J. Lawrence, co-partners, operating under the name and style of Lawrence & Steward Bus Service, have petitioned the Railroad Commission for an order approving the sale and transfer by them to Floyd B. Pearson, operating under the name and style of Palo Alto Transit, of an operating right for the automotive transportation as a common carrier of passengers between the City of Palo Alto, the U. S. Veterans' Hospital No. 24 and the junction of Menlo and Coleman Avenues in Palo Alto; and Floyd B. Pearson operating under the name and style of Palo Alto Transit has petitioned for authority to purchase and acquire said operating right and to hereafter operate thereunder, the sale and transfer to be in accordance with an agreement, a copy of which, marked Exhibit "A", is attached to the application herein and made a part thereof.

The consideration to be paid for the property herein proposed to be transferred is given as \$2500. Of this sum \$2000 is alleged by the applicant to be the value of the equipment and \$500 is alleged to be the value of the intangibles.

The operating right herein proposed to be transferred was acquired under authority of Decision No. 27456, dated October 22, 1934, on Application No. 19649.

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

Floyd B. Pearson 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 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 for any purpose other than the transfer herein authorized.
2. Applicants Forrest Steward and F. J. Lawrence shall within twenty (20) days after the effective date of the order herein unite with applicant Floyd B. Pearson in common supplement to the tariffs on file with the Commission, covering service given under the certificate herein authorized to be transferred, applicants Forrest Steward and F. J. Lawrence withdrawing and applicant Floyd B. Pearson accepting and establishing such tariffs and all effective supplements thereto.
3. Applicants Forrest Steward and F. J. Lawrence shall within twenty (20) days after the effective date of the order herein withdraw all time schedules filed in their

name with the Railroad Commission and applicant Floyd B. Pearson shall within twenty (20) days after the effective date of the order herein file, in duplicate, in his own name time schedules covering service heretofore given by applicants Forrest Steward and F. J. Lawrence which time schedules shall be identical with the time schedules now on file with the Railroad Commission, in the name of applicants Forrest Steward and F. J. Lawrence 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 obtained.

5. No vehicle may be operated by applicant Floyd B. Pearson 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.

6. The authority herein granted to sell and transfer the rights and/or property shall lapse and be void if the parties hereto shall not have complied with all the conditions within the periods of time fixed herein unless, for good cause shown, the time shall be extended by further order of the Commission.

The effective date of this order shall be the date hereof.

Dated at San Francisco, California, this 26th day of April, 1937.

Walter H. ...
Leon ...
Frank R. ...
David ...
Ray L. Kelly
COMMISSIONERS.