

Decision No. 30852.

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the matter of the application of  
JOE FERRANT, an individual, to sell,  
and THE GRAY LINE, INC., a corpora-  
tion, to purchase the operative  
rights and equipment used in the  
transportation of air line passengers  
and their baggage for compensation by  
automobile between San Francisco and  
Oakland and East Bay airports, and be-  
tween San Francisco and Mills Field,  
California.

Application No. 21978.

**ORIGINAL**

BY THE COMMISSION

O P I N I O N

Joe Ferrant, an individual, has petitioned the Railroad Commission for an order approving the sale and transfer by him to The Gray Line, Inc., a corporation, of operating rights for the automotive transportation as a common carrier of passengers between San Francisco and Oakland on the one hand, and airports in Alameda County on the other hand, and between San Francisco on the one hand, and the San Francisco Municipal Airport (Mills Field), San Mateo County, on the other hand, and The Gray Line, Inc. has petitioned for authority to purchase and acquire said operating rights 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 \$18,000. Of this sum \$13,500 is alleged by the applicant to be the value of the equipment and \$4500 is alleged to be the value of the intangibles.

Eight pieces of equipment are to be transferred.

The operating rights herein proposed to be transferred were acquired by Decision No. 30226, dated October 11, 1937, on Application No. 21491. It is understood that only the Northern California rights are to be transferred to applicant, The Gray Line, Inc., and that rights for similar service in Southern California are to be retained by applicant Ferrant who will continue to own and operate said Southern California service.

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

The Gray Line, Inc. 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.

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(1) Decision No. 22534, dated June 13, 1930, on Application 16540;  
Decision No. 25478, dated December 23, 1932, on Application 18601.

2. Applicant Joe Ferrant shall within twenty (20) days after the effective date of the order herein unite with applicant The Gray Line, Inc., in common supplement to the tariffs on file with the Commission, covering service given under the certificate herein authorized to be transferred, applicant Joe Ferrant withdrawing and applicant The Gray Line, Inc. accepting and establishing such tariffs and all effective supplements thereto.

3. Applicant Joe Ferrant shall within twenty (20) days after the effective date of the order herein withdraw all time schedules filed in his name with the Railroad Commission and applicant The Gray Line, Inc. shall within twenty (20) days after the effective date of the order herein file, in duplicate, in its own name time schedules covering service heretofore given by applicant Joe Ferrant which time schedules shall be identical with the time schedules now on file with the Railroad Commission, in the name of applicant Joe Ferrant 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 The Gray Line, Inc. 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.

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.

LOS Angeles  
Dated at ~~San Francisco~~ California, this 6<sup>th</sup> day of

June, 1938.

W. B. Moore  
Leon Whitley  
Frank C. Brown  
Raymond F. King  
Ray L. Riley  
COMMISSIONERS.