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Decision No.

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of SAN) FRANCISCO AND NAPA VALLEY RAILROAD to) sell and VALLEJO, NAPA & CALISTOGA TRANS-) PORT CO. to purchase a freight truck line) operated between San Francisco and Oakland,) on the one hand, and Vallejo, Mare Island) Navy Yard and Calistoga, and intermediate) points, on the other hand.)

Application No. 23933

BY THE COMMISSION:

<u>o p i n i o n</u>

San Francisco and Napa Valley Railroad has petitioned the Railroad Commission for an order authorizing the sale and transfer by it to Vallejo, Napa and Calistoga Transport Co., as assignee of Webb Richards, of a highway common carrier operative right for the transportation of property between Calistoga and Vallejo and intermediate points, and between Calistoga and Vallejo, inclusive of both said points, and all points between, on the one hand, and Oakland and San Francisco, on the other hand. Vallejo, Napa and Calistoga Transport Co., as assignee of Webb Richards, has petitioned for authority to purchase and acquire said operative right and to hereafter operate thereunder.

The sale and transfer is to be made in accordance with agreements, copies of which, marked Exhibits 3 and 4, are attached to the application herein. Under the terms of the agreements, the consideration to be paid is shown to be \$24,625. Of this sum, it is stated that \$4,625 represents the value of the equipment and

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the remaining \$20,000 represents the value of the intangibles.

The operative right proposed to be transferred was created by Decision No. 30086, dated September 7, 1937, as amended by Decision No. 33314, dated July 9, 1940, on Application No. 20804.

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

Vallejo, Napa & Calistoga Transport Co. 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.

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IT IS ORDERED that San Francisco and Napa Valley Railroad is hereby authorized to transfer to Vallejo, Napa & Calistoga Transport Co., as assignee of Webb Richards, and Vallejo, Napa & Calistoga Transport Co., as assignee of Webb Richards, is hereby authorized to acquire the operative right and property referred to in the foregoing opinion, in accordance with terms of the

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agreements, marked Exhibits 3 and 4. The authority herein granted is subject to the following conditions:

- 1. The authority herein granted shall lapse and be void if applicants 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.
- 2. 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.
- 3. Applicant San Francisco and Napa Valley Railroad shall within thirty (30) days after the effective date of the order herein, and upon not less than five (5) days' notice to the Commission and the public, unite with applicant Vallejo, Napa & Calistoga Transport Co. in common supplement to the tariffs on file with the Commission covering the service given under the operative rights herein authorized to be transferred, applicant San Francisco and Napa Valley Railroad withdrawing, and applicant Vallejo, Napa & Calistoga Transport Co. accepting and establishing such tariffs and all effective supplements thereto.
- 4. Applicant San Francisco and Napa Valley Railroad shall within thirty (30) days after the effective date of the order herein, and upon not less than five (5) days' notice to the Commission and the public, withdraw all time schedules filed in its name with the Railroad Commission and applicant Vallejo, Napa & Calistoga Transport Co. shall within thirty (30) days after the effective date of the order herein, and upon not less than five (5) days' notice to the Commission and the public, file in triplicate, in its own name time schedules covering service heretofore given by applicant San Francisco and Napa Valley Railroad which time schedules shall be satisfactory to the Railroad Commission and the public.
- 5. 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 Vallejo, Napa & Calistoga Transport Co. 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.

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7. Applicant shall, prior to the commencement of service authorized herein and continuously thereafter, comply with all the provisions of this Commission's General Order No. 91.

The effective date of this order shall be twenty (20) days from the date hereof.

Dated at San Francisco, California, this _282 day ____, 1941. mand of a a us COMMISS IONERS