

Decision No. 36823

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of)	
COAST LINE STAGES, INC., a corporation,)	
for authority to sell and transfer all)	Application No. 25929
of its intrastate passenger stage)	
operative rights and equipment to)	
PACIFIC GREYHOUND LINES, a corporation.)	

BY THE COMMISSION:

ORIGINAL

O P I N I O N

In this proceeding Coast Line Stages Inc., a corporation, seeks authority to transfer to Pacific Greyhound Lines, ⁽¹⁾ a corporation, and the latter seeks permission to acquire from the former, all of the operative rights now held by Coast Line, as a passenger stage corporation (as defined by Section 2 $\frac{1}{2}$, Public Utilities Act), together with certain rolling equipment comprising five buses and two sedans.

Under the provisions of an agreement between Coast Line and Douglas Brookman, who subsequently assigned his interest therein to Greyhound, the purchase price for the equipment and operative rights is specified as \$16,000 payable by Greyhound to Coast Line when final approval for the transfer has been secured from this Commission and, also, from the Interstate Commerce Commission, should approval by the latter be legally required.

From the application it appears that of the total purchase price the sum of \$13,000 represents the reasonable value of the equipment involved, and the remaining \$3,000 represents the value of the operative rights and other intangibles which are the subject of the agreement between the parties.

(1) For brevity, applicants will be referred to as Coast Line and as Greyhound, respectively.

As stated, Coast Line proposes to transfer to Greyhound all of the operative rights under which it now operates as a passenger stage corporation. These operative rights, two in number, rest upon certificates of public convenience and necessity granted by the Commission to Coast Line. By Decision No. 34300, rendered June 10, 1941, in Application No. 23698, that carrier was authorized to conduct a passenger stage service, for the transportation of passengers, baggage and express (limited to passenger stages and subject to a weight restriction of one hundred pounds per shipment), between Rockport and Petaluma and intermediate points, via Jenner, Bodéga, Valley Ford, Bloomfield and Two Rock. By Decision No. 36653, rendered October 19, 1943, in Application No. 25805, Coast Line was authorized to operate a passenger stage service, for the transportation of passengers, baggage and express (subject to similar limitations), between Valley Ford Junction and Two Rock Junction and intermediate points, via Fallon, Tonales and Two Rock Ranch Military Camp as an extension and enlargement of the operative right granted by Decision No. 34300.

The petition recites that in the event the sale and transfer of the properties are approved by the Commission, Greyhound will extend to the territory now served by Coast Line the basic fare structure heretofore established by the Commission and which will result in a substantial reduction in the rates now charged by Coast Line.

We are advised that the equipment which Coast Line has agreed to sell to Greyhound cost Coast Line about \$13,916 and that

the accrued depreciation on such equipment amounts to about \$6,061, leaving an undepreciated cost of about \$7,854. We believe that Greyhound should record the equipment on its books at the cost to Coast Line and that it should charge to Other Intangible Capital the difference between the \$16,000 purchase price and the undepreciated cost of \$7,854, plus \$100 filing fees paid by Coast Line to the State of California. The amount charged to Other Intangible Capital should, during 1944, be charged to surplus.

In our judgment the approval of the transfer is in the public interest. No public hearing appears to be necessary.

Pacific Greyhound Lines is placed upon notice that "operative rights" as such do not constitute a class of property which may be capitalized or used as an element of value in rate fixing for any amount of money in excess of that originally paid to the State as the consideration for the grant of such rights. 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

Application having been made as above-entitled, and the Commission now finding that public convenience and necessity so require:

IT IS ORDERED as follows:

(1) That Coast Line Stages, Inc., a corporation, be and it hereby is authorized to transfer to Pacific Greyhound Lines, a corporation:

- (a) Those certain operative rights as a passenger stage corporation as defined by Section 2 $\frac{1}{2}$, Public Utilities Act, granted to Coast Line Stages, Inc., by Decision No. 34300 and Decision No. 36653 and more particularly described in the foregoing opinion; and
- (b) The rolling equipment referred to in the foregoing opinion and more particularly described in the application herein.

(2) That Pacific Greyhound Lines, a corporation, be and it hereby is authorized to acquire from Coast Line Stages, Inc., the certificates of public convenience and necessity and the rolling equipment referred to in Paragraph 1, and thereafter to operate as a passenger stage corporation, pursuant to said certificates.

(3) The authority herein granted is subject to the condition that Pacific Greyhound Lines charge to Other Intangible Capital \$8,046 of the purchase price and charge said \$8,046 to surplus during 1944, and further to the condition that Pacific Greyhound Lines, its successors and assigns, will never claim before this Commission or any court or any other public body a value for such rights or claim as the cost thereof an amount in excess of that paid to the State for the consideration for such rights.

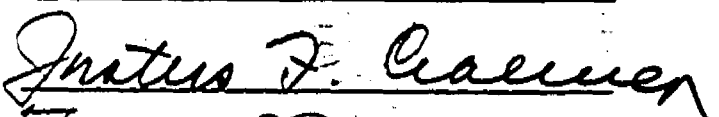
(4) That applicants herein shall comply with the rules of the Commission's General Order No. 79 and Part IV of General Order No. 93-A by filing, in triplicate, and concurrently making effective,


tariffs and time tables satisfactory to the Commission within sixty (60) days from the effective date hereof and on not less than five (5) days' notice to the Commission.


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

Dated at Los Angeles, California, this 18th day of January, 1944.









Commissioners.