

Decision No. 36888

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of)	
ORANGE BELT STAGES, INC. to sell, and)	
RANKIN AERONAUTICAL ACADEMY to purchase an automobile passenger line)	Application No. 25957
operated between the Rankin Air School)	
and Tulare, California.)	

ORIGINAL

BY THE COMMISSION:

O P I N I O N

In this proceeding Orange Belt Stages, Inc., a corporation, seeks authority to transfer to Rankin Aeronautical Academy, a corporation, ⁽¹⁾ and the latter seeks permission to acquire from the former an operative right as a passenger stage corporation, as defined by Section 24, Public Utilities Act, under which vendor may engage in the transportation of passengers, baggage and express between Tulare and Rankin Aeronautical Academy situated some eight miles southeast of Tulare. The transfer of the operative right alone is proposed; no tangible property is involved. A certificate of public convenience and necessity authorizing the establishment and operation of this service was granted to vendor by Decision No. ⁽²⁾ 34289, rendered June 10, 1941, in Application No. 24085.

(1) For brevity, applicants Orange Belt Stages, Inc. and Rankin Aeronautical Academy, will be referred to respectively as the vendor and the vendee.

(2) At Rankin Aeronautical Academy, so Decision No. 34289 recites, a private air cadet training school has been established.

Under the terms of an agreement entered into between the vendor and the vendee on December 18, 1943, a copy of which accompanies the application, the vendor undertakes to transfer to the vendee the operative right described, in consideration of the payment of \$1.00 which has been specified as the purchase price. To provide the service vendee will utilize the equipment it now has available, consisting of seven buses. As shown by the application the buses range in capacity from 44 passengers to 25 passengers each; and each station wagon will accommodate eight passengers. The time schedule accompanying the application indicates that 14 round trips daily will be provided.

In our judgment the transfer of the operative right now sought would be in the public interest and accordingly the application will be granted. This is not a matter requiring a public hearing.

Rankin Aeronautical Academy 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 granting 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; the Commission being now fully advised; and it now finding that public

interest would be subserved thereby;

IT IS ORDERED as follows:

(1) That Orange Belt Stages, Inc., a corporation, be and it hereby is authorized to transfer to Rankin Aeronautical Academy, a corporation, that certain operative right as a passenger stage corporation (as defined by Section 2 $\frac{1}{2}$, Public Utilities Act) granted to said Orange Belt Stages, Inc. by Decision No. 34289, rendered June 10, 1941, in Application No. 24085, authorizing the establishment and maintenance of service as such passenger stage corporation for the transportation of passengers, baggage and express, subject to certain limitations therein provided, between Tulare and Rankin Aeronautical Academy.

(2) That said Rankin Aeronautical Academy, a corporation, be and it hereby is authorized to acquire from said Orange Belt Stages, Inc. the operative right described in paragraph (1) hereof and thereafter to operate thereunder.

Such authority is granted subject to the following condition:

The authority herein granted is subject to the condition that Rankin Aeronautical Academy, its successors or assigns, shall never claim before this Commission, or any court or other public body, a value for said operative right or claim as the cost thereof, an amount in excess of that paid to the State as the consideration for such right.

(3) That applicants shall comply with the provisions of 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 one (1) day's notice to the Commission and the public.

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

Dated at Los Angeles, California, this 15th day of February, 1944.

Richard L. Backe
Justus J. Cameron
Frank A. Havenner

COMMISSIONERS