

Decision No. 36974

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of)	
SPECIAL SERVICE TRANSPORTATION )	
CORPORATION, LTD., to sell and )	Application No. 25990
FRANK HAINLINE and DONALD D. PAYNE )	
to purchase a motor freight line. )	

BY THE COMMISSION:

**ORIGINAL**

O P I N I O N

This is an application of Special Service Transportation Corporation, Ltd. to sell, and Frank Hainline and Donald D. Payne to purchase, an operative right for the transportation of motion picture films and accessories between Los Angeles, on the one hand, and Atascadero, Pismo Beach, Arroyo Grande, Santa Maria and Guadalupe, on the other hand.

The operative right which it is proposed to transfer was created by Decision No. 32205, dated August 1, 1939, on Application No. 22595. Applicant also has other operative rights for a similar service between other points which are not involved in this proposed transfer. Since 1934 it has rendered such a service between Los Angeles and points in the San Joaquin Valley. It is alleged, however, that the operation on the coast route, which is here involved, has been unprofitable due to labor costs and the difficulty of maintaining equipment. Also it is asserted that this service results in the operation of a large number of dead-head miles.

Under the terms of an agreement to which the parties have subscribed, the buyer agrees to pay the seller the sum of \$2,000 as consideration for the property and operative rights to be transferred, of which amount \$714 represents the value of the

equipment and \$1,286 the value of the operative right.

The sum of \$50, representing the filing fee paid in Application No. 22595, should be charged by the purchaser to Intangible Capital. The remainder of the value assigned to operative rights, namely \$1,236, should be charged to Proprietors' Investment Account. The Proprietors' Investment Account may be credited only with \$764.

We believe it to be in the public interest that authority for the proposed transfer should be granted and it will be so ordered. A public hearing is not necessary.

Frank Hainline and Donald D. Payne are 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, a public hearing having been held, and the Commission being of the opinion and hereby finding that public convenience and necessity so require,

IT IS ORDERED:

(1) That Special Service Transportation Corporation, Ltd. be and it is hereby authorized to sell, and Frank Hainline and Donald D. Payne to purchase and acquire the operative right and equipment

referred to in the foregoing opinion and thereafter to operate thereunder.

(2) That the authority herein granted is subject to the condition that if Frank Heinline and Donald D. Payne acquire said operative right and equipment at a cost of \$2,000, they shall charge to Proprietors' Investment Account \$1,236.

(3) That the authority herein granted by the Commission to the parties to transfer and purchase the properties in question shall not be construed to be a finding of value by the Commission for any purpose.

(4) That applicants shall comply with the rules of the Commission's General Order No. 80 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 twenty (20) days from the date hereof.

Dated at San Francisco, California, this 4<sup>th</sup> day of April, 1944.

Richard L. Lohse  
Justus F. Cramer  
Francis R. Hareus  
Thomas A. Linn  
Irvin R. Rowell  
COMMISSIONERS