

Decision No. 37178

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of)	
E. M. WOODARD to sell and MOUNTAIN )	
STAGE LINE to purchase automobile )	Application No. 26204
passenger line between Julian and )	
San Diego, California. )	

BY THE COMMISSION:

O P I N I O N

**ORIGINAL**

In the above entitled application E. M. Woodard requests authority of the Commission to sell and transfer his operative rights and equipment, used in the transportation of passengers and express, between Julian and San Diego and certain intermediate points, to Mountain Stage Line, a corporation. The prospective purchaser joins in the application for the transfer.

The operative rights which it is proposed to transfer were acquired pursuant to Decision No. 23369, dated February 9, 1931, in Application No. 16990, and Decision No. 33560, dated October 1, 1940, in Supplemental Application No. 16990. Equipment consists of one 14-passenger bus and one 7-passenger sedan, and certain accessories appertaining thereto.

The Commission in Decision No. 37018, dated April 25, 1944, in Application No. 25883, reviewed the operations of E. M. Woodard. It appears from that decision that his equipment had a value of \$2,000. Adding to this the payment of two filing fees of \$50 each makes a total of \$2,100.

Applicant Mountain Stage Line, a corporation, asks permission to issue to E. M. Woodard, for his stage properties and

business, 100 shares of no par value stock. We believe that the stock should be issued on a basis of \$25 per share and accordingly we will authorize the corporation to issue 84 shares of stock. The stock should be recorded at an aggregate stated value of \$2,100. Of the consideration paid, \$100 may be charged to Intangible Capital and \$2,000 to Tangible Plant and Equipment accounts.

It would appear to be in the public interest that the authority for the proposed transfer and issuance of 84 shares of stock be granted.

The action taken herein shall not be construed to be a finding of value for any purpose other than the proceeding herein involved.

Mountain Stage Line 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 in the above entitled matter, the Commission being duly advised, and hereby finding that public convenience and necessity so require, and being of the opinion that the money, property or labor to be procured or paid for by the issue

of 84 shares of stock is reasonably necessary for the purposes herein stated, and that such purposes are not in whole or in part reasonably chargeable to operating expenses or to income, and that this application should be granted, subject to the provisions of this order,

IT IS ORDERED:

(1) That E. M. Woodard is hereby authorized to sell and transfer to Mountain Stage Line, a corporation, the operative rights referred to in the foregoing opinion and Mountain Stage Line is authorized to purchase and acquire said rights and equipment and thereafter to operate thereunder.

(2) That Mountain Stage Line may issue eighty-four (84) shares of its common capital stock without par value, in consideration of the transfer to it of the operative rights and equipment referred to in the foregoing opinion, said stock to be recorded at a stated value of \$2,100.

(3) That Mountain Stage Line 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 appropriate tariffs and time tables within sixty (60) days from the effective date hereof and on not less than five (5) days' notice to the Commission and the public.

(4) That this application in so far as it involves the issue of sixteen (16) shares of stock is hereby dismissed without

prejudice.

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

Dated at San Francisco, California, this 11th  
day of July, 1944.

Richard L. Lapse

Justus F. Carr

Francis R. Havens

Earl H. Russell

COMMISSIONERS