

Decision No. 37484

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of)
JOHN W. HILLS, an individual, doing)
business as CHICO, HAMILTON CITY &)
ORLAND FREIGHT STAGE to sell to)
PACIFIC GREYHOUND LINES, a corpo-)
ration, operative right for the)
transportation of passengers, baggage)
and express between Chico, Orland and)
intermediate points.)

ORIGINAL

Application No. 26403

BY THE COMMISSION:

O P I N I O N

John W. Hills, an individual doing business as Chico, Hamilton City & Orland Freight Stage, as seller, and Pacific Greyhound Lines, a corporation, as buyer, join in an application to the Commission for authorization to sell and transfer an operative right for the transportation of passengers, baggage and express between Chico and Orland and intermediate points, and for an order consolidating said operative right with the remainder of purchaser's system.

The operative right which it is proposed to transfer was acquired by applicant Hills pursuant to Decision No. 31193, dated August 15, 1938, and has been continuously operated by him since that date. The route follows along State Highway No. 32 for a distance of twenty-two miles, connecting Chico and Orland.

The consideration is \$1,800 of which sum \$825 is said to represent the value of the equipment consisting only of one 7-passenger Dodge sedan. The remainder, \$975, represents payments for intangible properties. Of the \$975, one hundred dollars may be

charged to Account 1511, Franchises, and \$875 should be charged to Account 1550, Other Intangible Property, and written off to Account 2946, Other Debits To Surplus.

Passenger and express revenues, and operating expenses, for the past six years are stated as follows:

<u>Year</u>	<u>Passenger Revenue</u>	<u>Express Revenue</u>	<u>Operating Expenses</u>
1939	\$ 611.77	\$ 343.81	\$ 960.04
1940	747.08	246.67	695.41
1941	454.84	222.67	425.39
1942	906.36	187.27	656.22
1943	1125.49	333.96	896.28
1944*	1554.37	210.78	672.26

*January 1 to October 20, 1944.

Pacific Greyhound Lines, the buyer, serves, among other points, the cities of Chico and Orland, although it does not own any operative right or render any service directly between Chico and Orland, or intermediate points, over the route on which the operations of applicant Hills are conducted.

Pacific Greyhound Lines agrees to put into effect passenger fares in accordance with the base rate of fares established by the Commission which will result in a substantial reduction in the fares now charged by applicant Hills between all of the points served by him. The Greyhound Lines offers to put into effect an improved service and to substitute equipment superior to that used by Hills. The service will be operated with Greyhound buses which are now laid over at Chico, between existing schedules out of that point, without the necessity of additional equipment for the extra service.

It appears that the application should be granted, and it will be so ordered. There appears no necessity for a public hearing.

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

Pacific Greyhound Lines is hereby 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 and the Commission being duly advised, and hereby finding that public convenience and necessity so require,

IT IS ORDERED:

(1) That John W. Hills is authorized to sell and transfer, and Pacific Greyhound Lines to acquire, the operative right and equipment referred to in the foregoing opinion and to consolidate said operative right with the remainder of its system, and thereafter to operate thereunder.

(2) 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, appropriate

tariffs and time tables 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.

(3) That if Pacific Greyhound Lines acquires said properties, it shall charge \$875 of the purchase price to Account 1550, Other Intangible Property, and write off said \$875 within one year after the purchase of said properties by charging said \$875 to Account 2946, Other Debits to Surplus.

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

Dated at San Francisco, California, this 21st day of November, 1944.

Justin F. Crueser
Francis C. Havenner
Francis C. Havenner

COMMISSIONERS