

Decision No. 37824

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application  
of

BRUCE W. ROBB,

AN INDIVIDUAL DOING BUSINESS AS ROBB  
TRANSPORTATION TO SELL AND A. J. CHAPIN  
AND IONE C. CHAPIN, HIS WIFE, DOING  
BUSINESS AS CALTRANSIT, TO PURCHASE AN  
AUTOMOBILE PASSENGER LINE OPERATING AT  
SALINAS, CALIFORNIA.

ORIGINAL

Application  
No. 26588

HARRY L. NOLAND, for applicants

BY THE COMMISSION:

O P I N I O N

In this application the Commission is asked to enter an order authorizing Bruce W. Robb to sell and transfer to A. J. Chapin and Ione C. Chapin, his wife, and the latter to purchase at \$70,000 the operative rights granted by decision No. 35366, dated May 12, 1942, as amended by decision No. 36499, dated July 20, 1943, and the automotive equipment and other properties described in the agreement of sale on file in this application as Exhibit A.

Bruce W. Robb, doing business as Robb Transportation Company, has for a number of years past been engaged and is now engaged in operating automotive stage lines in and around Salinas. For 1944 he reports operating revenues of \$55,959.77. His operating and other expenses amounted to \$44,185.03 and his net profit was \$11,774.74. The operating expenses include no compensation for Bruce W. Robb, who managed the business.

The cost of his equipment in 1944 is in Exhibit D, reported as follows:

	COST	ACCRUED DEPRECIATION	NET
Ford V8	\$ 6394.88	\$ 2906.36	\$ 3488.52
Ford V8	6394.88	2906.36	3488.52
Dodge 6	4681.69	1495.53	3186.16
Dodge 6	4681.69	1495.53	3186.16
Ford V8	6753.73	844.21	5909.52
Ford V8	<u>6753.73</u>	<u>844.21</u>	<u>5909.52</u>
	\$35660.60	\$10492.20	\$25168.40
1936 White 706, market value (reasonable)			<u>2000.00</u>
			\$27168.40

The 1936 White Motor coach was rebuilt in 1944.

The agreement of sale also covers the transfer of materials and supplies having a reported value of \$3176. Further, the testimony shows that Bruce W. Robb will transfer to the purchasers without any added consideration his garage business conducted under the name of the Franciscan Garage in Salinas.

The evidence submitted at the hearing shows that Bruce W. Robb has been handicapped in his bus operations by the lack of equipment. He has ordered three new buses, which A. J. Chapin will purchase if he acquires said operative rights. As a matter of fact, he intends to acquire by purchase or lease two additional buses and take the necessary steps to render transportation service to areas not now served by Bruce W. Robb. He believes that by the addition of five new buses and the extension of the service, the operating revenues can be increased at least \$40,000 per annum. He is further of the opinion that economies can be effected by the installation of improved shop facilities and repair work.

A. J. Chapin and Ione C. Chapin are familiar with the transportation business. They now own and operate the North Sacramento Stage Line and the Fair Oaks Stage Line. The former serves the suburban area generally north of Sacramento and the latter the suburban area northeast of Sacramento along Fair Oaks Boulevard to the American River Damsite above Folsom. Their operating revenues for 1944 are reported at \$260,137.90.

The testimony of the secretary of the Chamber of Commerce of Salinas shows that there is a need for added public transportation to several areas in Salinas and vicinity. The areas are shown on the map filed as Exhibit 2.

Said A. J. Chapin and his wife, Ione C. Chapin, have agreed to pay for the operative rights and other properties \$70,000. Of this sum they will pay \$5000 upon authorization from the Railroad Commission for the transfer of the operative rights, and \$500 or more each and every month beginning thirty days after the transfer of the operative rights and the tangible property, provided that the whole purchase price of \$70,000 must be paid on or before ten years from the date of the transfer of the operative rights. The title to the properties will pass upon the payment of the \$5000. The payment of the balance due will be secured by the execution of a chattel mortgage which will be a lien on the equipment to which reference has been made. A copy of the chattel mortgage is on file in this application as Exhibit F.

A. J. Chapin assigns \$20,000 of the purchase price to the garage properties and business, \$20,341.90 to the operative rights and transportation business, and \$29,658.10 to the tangible properties. We have no jurisdiction over the garage operations. The amount of the purchase price assigned to the operative rights and transportation business, except for \$200,

should be charged to a suspense account and amortized within five years after the acquisition of the operative rights by charges to the income account. Our records show that Bruce W. Robb has heretofore paid to the State of California filing fees in the amount of \$200. Because of such payments \$200 of the amount assigned to operative rights may be charged to intangible capital.

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

A. J. Chapin and Ione C. Chapin, his wife, are 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 a 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

A public hearing having been held in the above-entitled application before Examiner Fankhauser, and the Commission having considered the evidence and it being of the opinion that this application should be granted subject to the provisions in this order; therefore,

IT IS ORDERED as follows:

1. Bruce W. Robb may, after the effective date hereof and on or before June 30, 1945, sell and transfer to A. J. Chapin and Ione C. Chapin, his wife, the operative rights and properties

described in the foregoing opinion; that said A. J. Chapin and Ione C. Chapin, his wife, may acquire said operative rights and properties and thereafter operate under said operative rights, said sale and transfer to be made in accordance with the terms and conditions of the agreement on file in this application as Exhibit A, which agreement applicants may execute provided that at least \$20,000 of the consideration paid for said property be assigned to said garage properties and business.

2. If A. J. Chapin and Ione C. Chapin, his wife, acquire said operative rights, transportation properties and business, they may charge to tangible plant and equipment accounts and materials and supplies \$40,836.60, offset by accrued depreciation in the sum of \$10,492.20, and \$200 to Account 200--Intangibles. The remainder of the purchase price allocated to the operative rights, transportation properties and business shall be by them charged to Account 109--Other Debit Accounts--and amortized within five years after the acquisition of said properties by charges to Account 315--Miscellaneous Charges to Income.

3. Applicants shall comply with provisions of General Order 79 and No. IV of General Order 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.

4. The authority herein granted will become effective when A. J. Chapin has paid the fee prescribed by Section 57 of the Public Utilities Act.

5. Within thirty days after the acquisition of said operative rights A. J. Chapin shall file with the Railroad Commission a copy of the chattel mortgage executed under the authority herein granted.

Dated at San Francisco, California, this 24<sup>th</sup> day of April, 1945.

Harold Anderson  
Justus F. Casper  
Richard Kachse  
Francis Carr  
James Lawrence  
 Commissioners

