

Decision No. 38164

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

ORIGINAL

In the Matter of the Application of)
WALTER C. McILVAIN, doing business as)
REDWOOD CITY-WOODSIDE STAGE LINE, to)
sell and R. F. MARTIN, doing business)
as REDWOOD CITY BUS LINES, to purchase)
Redwood City-Woodside Stage line pas-)
senger stage service operated between)
Redwood City, Woodside, Portola, Toyon)
Knolls and intermediate points.)

Application No. 26852

BY THE COMMISSION:

O P I N I O N

In this proceeding, Walter C. McIlvain requests the Commission to authorize him to transfer to R. F. Martin the passenger stage operative right for the transportation of passengers between Redwood City, Woodside, Portola, Toyon Knolls and intermediate points. R. F. Martin requests authority to acquire such right and to consolidate it with his present operative rights between San Carlos, Redwood City and Palo Alto and intermediate points.⁽¹⁾

The total purchase price involved is \$6,000 of which \$2,000 is said to represent the value of the physical property and \$4,000 the value of the intangible. The physical property consists of one 17-passenger seating capacity, twin-coach bus valued at \$1,650 and extra tires, tubes, office equipment, stationery and other supplies valued at \$350.

It is asserted that the service has been in continuous operation since its acquisition by McIlvain. His operating revenue

(1) The seller was authorized by Decision No. 37483, in Application No. 26404, to acquire the rights proposed to be transferred.

(1) and expenses are shown in the margin.

Applicant Martin asserts that if he is authorized to acquire the properties involved the existing fare structure would be preserved without change pending the institution and completion of a comprehensive study to determine the need for, and volume of through fares and transfer privileges between points on the present line of McIlvain and points now served by Martin. This study will be instituted upon the consummation of the proposed transfer.

As required by law, \$300 in filing fees have been paid for filing applications in connection with the operative right involved herein. If the buyer acquires the right and other properties he may charge to Tangible Property Account not more than \$2,000, and to Franchises and Permits not more than \$300. The remainder of the purchase price, \$3,700, shall be charged to Other Intangible Property and amortized within three years after the acquisition of the operative right and properties involved by charges to income or surplus.

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

In our opinion the authority requested appears to be in the public interest and should be granted. No public hearing is necessary.

(1) Period of Time	Operating Revenue	Operating Expense	Net Revenue
1940	\$ 2,733.65	\$ 1,774.84	\$ 958.81
1941	3,173.85	2,184.37	989.48
1942	4,470.40	2,983.40	1,487.00
1943	5,679.15	2,241.67	3,437.48
1944	7,217.85	4,717.35	2,500.50
Jan. 1 to June 30, 1945	3,970.60	1,758.03	2,212.57

R. F. Martin 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

The Commission has considered applicants' request and is of the opinion that the application should be granted subject to the provisions of this order, therefore,

IT IS ORDERED:

(1) That Walter C. McIlvain may, after the effective date hereof, and on or before November 15, 1945, sell and transfer the operative rights, equipment and other properties referred to in the foregoing opinion to R. F. Martin, and said R. F. Martin may purchase and acquire said operative rights, equipment and other properties and thereafter operate thereunder, such sale and transfer to be made pursuant to the agreement attached to the application as Exhibit "A".

(2) That if R. F. Martin acquires said operative right, equipment and other properties and pays therefor more than \$2,300 he shall charge any amount paid in excess of \$2,300 for said operative right, equipment and other properties to Other Intangible Property and amortize the amount so charged within three years after

the acquisition of said operative right, equipment and other properties by charges to income or surplus.

(3) That applicant 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 60 days from the effective date hereof and on not less than 5 days' notice to the Commission and the public.

(4) That within 30 days after the transfer of properties as herein authorized, R. F. Martin shall file with the Commission a copy of the bill of sale executed under the authority herein granted.

(5) That within 30 days after the acquisition of the right and properties as herein authorized, R. F. Martin shall file with the Commission a copy of the book entries by which he records the purchase of said operative right, equipment and other properties.

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

Dated at San Francisco, California, this 28th day of August, 1945.

Harold Anderson
Justice J. Casper
Richard Laska
James H. Hance
COMMISSIONERS