

ORIGINAL

Decision No. 38714

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of	)	
NORMAN H. ROBOTHAM to sell and	:	
ALBERT J. CHAPIN and IONE C. CHAPIN,	)	Application
to buy an automobile Passenger Bus	:	No. 27254
Line operating between and within	)	
Marysville and Yuba City, California.	:	
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O P I N I O N

This is an application for an order of the Railroad Commission authorizing Norman H. Robotham to sell auto stage operative rights and properties to Albert J. Chapin and Ione C. Chapin, as joint tenants with right of survivorship, and authorizing said Albert J. Chapin and Ione C. Chapin to execute a mortgage of chattels and to issue a note in the principal amount of \$25,500.

The application shows that Norman H. Robotham, doing business under the firm name and style of Twin Cities Transit, is engaged in the operation of automobile buses for the transportation of passengers between and within Marysville and Yuba City. Heretofore he has acquired certificates of public convenience and necessity pursuant to the authority granted by this Commission by Decision No. 37084, dated May 31, 1944, and Decision No. 37347, dated September 26, 1944, in Application No. 26084. His operating revenues for 1944 are reported at \$41,105.75.

Said Robotham now desires to dispose of his operations and to that end has entered into an agreement, dated February 4, 1946, a copy being filed in this proceeding as Exhibit "A";

whereby he agrees to sell to Albert J. Chapin and Ione C. Chapin, for \$32,000, his certificates of public convenience and necessity and other properties described in the application as follows:

Operative rights	\$ 50.00
General Motors Yellow Coach	4,864.37
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Ford bus	6,110.70
Office furniture, fixtures, supplies	221.49
Tools and operating equipment	693.93
Gasoline and oil	150.00
Garage building	500.00
Goodwill, trade name, going concern	<u>14,545.14</u>
Total	<u>\$32,000.00</u>

The purchasers are experienced city and interurban passenger bus line operators now conducting urban and interurban passenger bus transportation lines in and about Sacramento and in and about Salinas and Watsonville. It is reported that no reduction of service whatever will result from the transfer of the properties, and that the operations will be conducted under the tariff now in force for the service rendered by said Robotham.

Of the total purchase price of \$32,000, the sum of \$6,500 is payable in cash and the remaining balance of \$25,500 is payable in equal monthly installments of \$425 plus interest at the rate of 3% per annum on the unpaid balance, said remaining balance of \$25,500 to be evidenced by a note and secured by a mortgage of chattels covering the three units of equipment. A copy of the proposed note is filed with the application as Exhibit "B" and a copy of the proposed mortgage of chattels as Exhibit "C".

It appears that the transfer of the operative rights and properties as proposed is not contrary to the public interest.

The action taken herein shall not be construed to be a finding of value for any purpose other than the proceeding herein involved. For accounting purposes the purchasers should charge \$14,545.14 of the purchase price, designated by applicants as goodwill, trade name and going concern value, to account 155--Other Intangible Property, as that account is provided and defined in the uniform system of accounts prescribed for class II motor carriers; and thereafter amortize the same over a period of not exceeding five years, by charges to account 720--Other Income Deductions, or write off the entire amount forthwith by a charge to account 280--Sole Proprietorship Capital.

Albert J. Chapin and Ione C. Chapin 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 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 in the number of rights which may be given.

#### O R D E R

Application having been made to the Railroad Commission for an order authorizing the transfer of properties, the execution of a mortgage of chattels and the issue of a note, and the Commission having considered the matter and being of the opinion

that a public hearing is not necessary; that the requests of applicants should be granted, as herein provided, and that the money, property or labor to be procured or paid for through the issue of the note is reasonably required by Albert J. Chapin and Ione C. Chapin for the purpose specified herein, therefore;

IT IS HEREBY ORDERED as follows:

1. Norman H. Robotham, after the effective date hereof and on or before April 30, 1946, may sell and transfer to Albert J. Chapin and Ione C. Chapin as joint tenants with right of survivorship, the certificates of public convenience and necessity acquired by him pursuant to the authority granted by the Commission in Decision No. 37084, dated May 31, 1944, and Decision No. 37347, dated September 26, 1944, in Application No. 26084, and the other properties referred to in the foregoing opinion, such sale and transfer to be in accordance with the terms and conditions of the agreement, dated February 4, 1946, filed in this proceeding as Exhibit "A".

2. Albert J. Chapin and Ione C. Chapin, after the effective date hereof and on or before April 30, 1946, may execute a mortgage of chattels in, or substantially in, the same form as that filed in this proceeding as Exhibit "C", and may issue a note in the principal amount of \$25,500 in the same form as that filed in this proceeding as Exhibit "B", for the purpose of financing in part the purchase price of the properties referred to herein.

3. Norman H. Robotham and Albert J. Chapin and Ione C. Chapin 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 date hereof and on not less than one (1) day's notice to the Commission and the public.

4. Albert J. Chapin and Ione C. Chapin shall file with the Commission a report, or reports, as required by the Commission's General Order No. 24-A, which order, insofar as applicable, is made a part of this order, and shall record \$14,545.14 of the purchase price in the manner set forth in the foregoing opinion.

5. The authority herein granted to execute a note will become effective when Albert J. Chapin and Ione C. Chapin have paid the fee prescribed by Section 57 of the Public Utilities Act, which fee is Twenty-six (\$26.00) Dollars. In other respects the authority herein granted will become effective upon the date hereof.

Dated at San Francisco, California, this 26<sup>th</sup> day of February, 1946.

*Harold Anderson*  
*Justus F. Caswell*

*James F. Russell*  
*Harold P. Huls*

Commissioners

