

Decision No. 38727

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of CHARLES A. HAND, an individual, doing business as KERNVILLE STAGE COMPANY, for permission to sell property and transfer operative rights, and CHARLES A. HAND and ROY ORRICK, co-partners, doing business as KERNVILLE STAGE COMPANY, to acquire said property and operative rights for the transportation of passengers, baggage, express and freight between Bakersfield, California, and Kernville and Onyx, California, and intermediate points.

ORIGINAL

Application No. 27247

O P I N I O N

Charles A. Hand, an individual doing business as Kernville Stage Company, is engaged in transporting passengers, baggage, express and freight between Bakersfield on the one hand, and Kernville and Onyx, California, on the other hand, serving intermediate points thereto. The business is conducted under the authority granted by Decision No. 22842, dated September 8, 1930, in Application No. 16804:

In this application he asks permission to transfer his public utility properties including said operative rights to Kernville Stage Company, a partnership whose members are Charles A. Hand and Roy Orrick. The latter has agreed to pay the former \$9,500. A copy of the partnership agreement is on file in this application. Each partner has a fifty percent interest in the partnership. Attached to the agreement is a statement listing the assets of the partnership and the values assigned to such assets. The assets are described as follows:

A. PUBLIC UTILITY HIGHWAY COMMON CARRIER
AND PASSENGER STAGE SERVICE:1. Tangible Property:Automotive Equipment:

- | | |
|---|-------------|
| 1 - 1939 White, Stake Body,
Engine No. 30A-1702 | |
| 1 - 1939 Chevrolet Bus,
Engine No. BFC 635534 | |
| 1 - Dodge, Comb. Pass. & Mail,
Engine No. T113-44579 | \$ 2,250.00 |

Real Property & Improvements:

- | | |
|---|--------|
| Lot Eight (8) Block Five (5)
of the original Townsite of
Isabella, County of Kern,
State of California, together
with warehouse thereon | 750.00 |
|---|--------|

2. Intangible Property:

- | | |
|-----------------------------|-----------------|
| Operative rights | None |
| Good Will and Going Concern | 10,000.00 |
| Cash in Bank | <u>1,000.00</u> |

Total Public Utility Property	\$14,000.00
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B. NON-PUBLIC UTILITY PROPERTY:

1. Intangible Property:

- | | | |
|--|---------------|-----------------|
| Distributorship of Coca Cola
Co., Acquired 1920 | \$2,000.00 | |
| Distributorship of 7-Up Co.,
Acquired 1938 | 400.00 | |
| Distributorship for Associated
Oil Co., Acquired 1939 | 2,200.00 | |
| Agency, Bakersfield Laundry,
Established 1925 | <u>400.00</u> | <u>5,000.00</u> |

TOTAL		\$19,000.00
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For the last three years applicant Hand has reported
the revenues and expenses from his operations as follows:

	<u>1943</u>	<u>1944</u>	<u>1945</u>
Revenues:			
Passenger	\$ 4,792.13	\$ 5,865.57	\$ 6,371.09
Freight	1,680.09	2,088.07	2,864.64
Mail	2,400.00	2,457.05	2,536.92
Express	4,560.61	4,914.73	5,574.35
All other	<u>3,582.47</u>	<u>4,072.81</u>	<u>4,096.89</u>
Total	17,015.30	19,398.23	22,443.89
Expenses	<u>11,651.03</u>	<u>13,427.19</u>	<u>13,340.47</u>
Profit	<u>\$ 5,364.27</u>	<u>\$ 5,971.04</u>	<u>\$ 9,103.42</u>

It is recited in the application that Hand in the last few years has experienced considerable difficulty in trying to conduct the business without assistance and that Orrick is familiar with the operations and is experienced in the transportation business.

The \$10,000 which applicants have assigned to "good will and going concern" should be charged to account 28--Deferred Debits, and amortized within five years after the date hereof by charges to account 92--Miscellaneous Charges to Income.

The \$5,000 reported under intangible non-public utility property should by applicants be recorded under account 22-6--Non-carrier Property and Equipment, and finally disposed of in the manner provided in the uniform system of accounts prescribed by the Commission. It appears that the transfer of the rights and properties to, and the operation thereafter by, a partnership is not contrary to public interest. An order accordingly will be entered.

The action taken herein shall not be construed to be a finding of value for any purpose other than the proceeding herein involved. Further, applicants 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 Commission having considered the matter and being of the opinion that a public hearing is not necessary and that the request of applicants should be granted, as herein provided,

IT IS HEREBY ORDERED as follows:

1. Charles A. Hand may, on or before April 30, 1946, transfer to Charles A. Hand and Roy Orrick, a partnership doing business as Kernville Stage Company, the operative rights acquired by him pursuant to authority granted by the Commission by Decision No. 22842, dated September 8, 1930, in Application No. 16804, and the properties referred to in this application.
2. Applicants shall comply with the provisions of General Orders No. 79 and 80 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 of this order and on not less than one (1)

day's notice to the Commission and to the public.

3. Applicants shall record the value assigned to "good will and going concern" and to non-public utility intangible property in the manner indicated in the foregoing opinion.

4. The authority herein granted will become effective upon the date hereof.

Dated at San Francisco, California, this 26th day of February, 1946.

Harold Anderson
Justus F. Cravens
James D. Russell
Harold P. Kula
Commissioners