

Decision No. 38817

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application
of NEVADA COUNTY COMPANY, a California
Corporation, for authority to sell all
of its passenger stage operative rights,
motor vehicle equipment, and other
property to KENT E. WALKER, an individ-
ual doing business as Nevada County Bus
Line, and authorizing said Kent E. Walker,
an individual doing business as
Nevada County Bus Line, to acquire said
passenger stage operative rights, motor
vehicle equipment, and other property,
and for authority to issue promissory
note.

ORIGINAL

Application
No. 27338

O P I N I O N

This is an application for an order of the Railroad Commission authorizing Nevada County Company, a corporation, to sell and transfer passenger stage operative rights and properties to Kent E. Walker and authorizing said Kent E. Walker to issue a note in the principal amount of \$10,000.00.

The application shows that Nevada County Company is a passenger stage corporation engaged in the transportation of passengers, baggage and express generally between Auburn and Nevada City; Colfax and Nevada City; and Nevada City; Grass Valley, Camp Beale, Hammonton and Marysville. It appears that the corporation has registered or authorized rights granted by the Interstate Commerce Commission in Docket No. MC-61732 and certificates of public convenience and necessity acquired by it pursuant to authority granted by the Railroad Commission as.

follows:

1. Decision No. 25170, dated September 12, 1932, in Application No. 18390, authorizing passenger, baggage and express service between Auburn and Nevada City, and intermediate points.

2. Decision No. 29475, dated January 18, 1937, in Application No. 20926, authorizing passenger, baggage and express service between Colfax and Nevada City, and intermediate points, excluding local service between Grass Valley and Nevada City.

3. Decision No. 38152, dated August 14, 1945, as amended by Decision No. 38218, dated September 12, 1945, in Application No. 26181, authorizing passenger, baggage and express service between Nevada City, Grass Valley, Camp Beale, Hemmerton and Marysville and intermediate points, subject to certain restrictions as set forth in said decisions, such service to be an extension and enlargement of, and consolidation with, the service acquired pursuant to Decisions No. 25170 and No. 29475.

4. Decision No. 31866, dated March 27, 1939, as amended by Decision No. 32064, dated June 6, 1939, in Application No. 22593, authorizing the abandonment of the transportation of express shipments weighing in excess of 100 pounds each between Auburn and Nevada City and intermediate points.

The company reports its gross revenues from its passenger, baggage and express service for each of the last five calendar years as follows: 1941, \$12,496; 1942, \$24,779; 1943, \$40,880; 1944, \$50,772; and for 1945, subject to possible year-end audit adjustments, \$54,831.

Nevada County Company reports that it desires to withdraw from the public utility business and that accordingly it has entered into an agreement, dated March 11, 1946, and a supplemental agreement, as of the same date, to sell and transfer to Kent E. Walker for the sum of \$30,000, its operative rights and certain motor vehicle equipment, tools, office furniture, mail and express contracts, and miscellaneous personal property.

The tangible properties are described in an inventory as of March 2, 1946, attached to the application, as follows:

Automotive equipment -	
Plymouth sedan, 1936	\$ 450.00
13 passenger White	3,500.00
23 passenger 1937 White	4,750.00
33 passenger 1942 Dodge	2,500.00
25 passenger 1935 Ford	1,500.00
International 1- $\frac{1}{2}$ ton truck, 1941	1,750.00
Cadillac sedan tow car, 1927	450.00
Sub-total	<u>14,900.00</u>
Shop equipment	2,514.00
Shop tools and miscellaneous	346.55
Shop supplies	1,188.30
Business office equipment	910.00
Ticket office equipment	559.75
Total	<u><u>\$20,418.60</u></u>

The terms of the agreement of sale provided for a down payment of \$1,000, an additional cash payment of \$19,000 within ten days after the effective date of the decision of the Railroad Commission approving the sale and transfer to said Walker, and the issue by Walker of a promissory note for \$10,000, with interest thereon at the rate of five percent per annum, said note to be payable in installments of \$450 per month, or more, including interest and principal, the first installment to be due and payable five months after the date of issue of the note.

It is reported in the application that Kent E. Walker has been engaged in the passenger stage business for many years and that he is able financially to acquire and operate the business covered by this application, and to provide for improved service by giving the operation his personal supervision and by obtaining new or better and more modern motor vehicle equipment.

The Commission has considered this matter and is of the opinion that a public hearing is not necessary and that the requests of applicants should be granted. The action taken herein shall not be construed to be a finding of value of the properties herein authorized to be transferred. If Kent E. Walker acquires the properties he should charge not more than \$20,418.60 to the appropriate operating property accounts and materials and supplies, and \$200 representing filing fees to account 151 - Organization, all as defined in the uniform system of accounts prescribed for Class II motor carriers. The remainder of the purchase price should be charged to account 155 - Other Intangible Property, and thereafter amortize by charges to account 720 - Other Income Deductions, over a period of not exceeding five years from the effective date of this order, or write off the entire amount forthwith by a charge to proprietorship.

Kent E. Walker 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 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 operative rights and properties and the issue of a note, and the Commission being of the opinion that the money, property or labor to be procured or paid for through the issue of the note is reasonably required for the purpose specified herein, therefore,

IT IS HEREBY ORDERED as follows:

1. Nevada County Company, after the effective date hereof and on or before May 31, 1946, may sell and transfer to Kent E. Walker, who may purchase and acquire, the certificates of public convenience and necessity acquired by it pursuant to authority granted by the Commission in the decisions referred to in the foregoing opinion, and the other properties also referred to in said opinion, such sale and transfer to be in accordance with the terms and conditions of the agreement of sale and the supplemental agreement, both dated March 11, 1946, filed in this proceeding.

2. Kent E. Walker, after the effective date hereof and on or before May 31, 1946, may issue a note in the principal amount of \$10,000 substantially in the same form as that filed in this proceeding as Exhibit "4", for the purpose of financing in part the purchase price of the properties referred to herein.

3. Nevada County Company and Kent E. Walker shall comply with the provisions of General Orders Nos. 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 date hereof and on not less than one (1) day's notice to the Commission and the public.

4. Kent E. Walker 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 the purchase price of the properties to be acquired from Nevada County Company under the authority herein granted, on his books, in the manner set forth in the foregoing opinion.

5. The authority herein granted will become effective when Kent E. Walker has paid the minimum fee prescribed by Section 57 of the Public Utilities Act, which minimum fee is Twenty-five (\$25.00) Dollars.

Dated at San Francisco, California, this 2nd day of April, 1946.

David Anderson
Justice F. Garrison
Howard D. King
Joseph S. Paullee
Harold J. Hill
.. Commissioners

