

Decision No. 38832

ORIGINAL

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of)
LELAND H. DOSS, an individual doing)
business under the firm name and style)
of "ALTURAS-FORT BIDWELL STAGE LINE",)
to sell, and MALCOLM WARD, to purchase)
an automobile passenger, freight, and)
express line, operated between Alturas)
and Fort Bidwell and intermediate points,)
California.)

Application
No. 27222

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OPINION AND ORDER

This is an application for an order of the Railroad Commission authorizing Leland H. Doss to sell operative rights and properties to Malcolm Ward.

The application shows that Leland H. Doss, doing business under the firm name and style of Alturas-Fort Bidwell Stage Line; is engaged in the operation of an automotive stage line for the transportation of passengers, freight and express between Alturas and Fort Bidwell and intermediate points. His annual reports to the Commission show his gross revenues at \$5,489.35 in 1943; at \$6,619.82 in 1944, and at \$6,884.49 in 1945, and his net profit before wages of owner at \$2,486.25 in 1943; at \$3,309.23 in 1944, and at \$3,080.05 in 1945.

It appears that applicant Doss, because of ill health, desires to retire from the operation of the stage line and has made arrangements, under an oral agreement, to sell the business and properties for the sum of \$4,000, to Malcolm Ward. The properties to be thus sold include a 1938 International truck

and operative rights acquired by Doss under authority granted by the Commission by Decision No. 31078, dated June 30, 1938, in Application No. 22047.

Of the consideration agreed to be paid it is alleged that \$581.87 represents the value of the equipment and \$3,418.13 the value of the operative rights.

The Commission has considered this matter and is of the opinion that a public hearing is not necessary and that the request of applicants should be granted, as herein provided. The action taken herein shall not be construed to be a finding of value of the properties herein authorized to be transferred. It is the Commission's opinion that for accounting purposes Malcolm Ward, in setting up his books of account, should charge not more than \$581.87 to account 22--Tangible Property and Equipment, and \$50.00 representing the filing fee paid to the Commission, to account 24--Intangible Property, as those accounts are defined in the uniform system of accounts prescribed for Class III motor carriers. The remainder of the purchase price should be charged to account 28--Deferred Debits, and thereafter written off over a period of not exceeding five years from the effective date of this order, by charges to income, or written off forthwith by a charge to proprietorship.

Malcolm Ward 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.

IT IS HEREBY ORDERED as follows:

1. Leland H. Doss, on or before June 30, 1946, may sell to Malcolm Ward, and Malcolm Ward may purchase, the operative rights and property referred to herein.

2. Leland H. Doss and Malcolm Ward shall comply with the provisions of General Orders No. 79 and No. 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.

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

Dated at San Francisco, California, this 9th day of April, 1946.

Harold Anderson
Justice J. C. ...
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Harold P. Kule
Commissioners