

ORIGINAL

Decision No. 41536

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of )  
HUMBOLDT MOTOR STAGES, INC., and )  
REDDING-EUREKA FREIGHT LINES (1) for )  
authority for the former to lease to )  
the latter certain operative rights ) Application No. 29230  
and equipment, and (2) for a certifi- )  
cate of public convenience and )  
necessity to be issued to the latter )  
to operate a highway common carrier )  
service. )

O P I N I O N

Humboldt Motor Stages, Inc., hereinafter referred to as Humboldt, is certificated to, and at present is engaged in the transportation of passengers, baggage and express as a passenger (1) stage corporation, between Scotia and Trinidad, Forks of Salmon and intermediate points via Eureka, Arcata, Blue Lake, Willow Creek and Weitchpac, with diversion to Crannell and Redwood Acres Fair Grounds, and also between Mad River, Weaverville, Lewiston Junction and Minersville and intermediate points via Hay Fork, Peanut and Douglas City. Humboldt is also engaged in the transportation of property as a highway common carrier between the junction of U. S. Highways 101 and 299, near Blue Lake, Forks of Salmon, Minersville, French Gulch, Redding, Mad River and intermediate points via Willow Creek, Orleans, Weaverville, Douglas

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(1) Express shipments are limited to packages weighing 100 pounds or less which shall be carried on passenger vehicles except that the limitation as to weight of packages and vehicles of transportation shall not apply to shipments transported for or through the agency of Railway Express Agency, or milk and cream in cans and empty containers when being transported to or from a railway junction point in connection with rail transportation.

City, Lewiston Junction, Tower House and Hay Fork, and between these points, on the one hand, and, on the other hand, Scotia and Trinidad and intermediate points via Eureka and Arcata.

Redding-Eureka Freight Lines, hereinafter referred to as Freight Lines, is a newly formed California corporation. By the above entitled joint application, Humboldt proposes, and requests authority, to lease to Freight Lines, with an option to purchase, the passenger stage operative right between Mad River, Weaverville and Minersville, and the highway common carrier operative right between Willow Creek, Redding, Mad River, Minersville and intermediate points. Freight Lines also requests a highway common carrier certificate between Willow Creek, Redding, Mad River and Minersville, excluding Willow Creek, on the one hand, and, on the other hand, Scotia, Trinidad, Willow Creek and intermediate points, excluding Willow Creek, via Eureka, Arcata and Blue Lake. Included in the proposal to lease, with an option to purchase, are 13 units of automotive equipment. Humboldt proposes to retain operative rights and continue to provide service as a passenger stage corporation between Scotia, Trinidad, Forks of Salmon and intermediate points via Eureka, Arcata, Blue Lake, Willow Creek and Orleans, with diversion to Crannell and Redwood Acres Fair Grounds. It would also retain the operative rights and continue its highway common carrier operations between the junction of U. S. Highways 101 and 299, near Blue Lake, and Forks of Salmon and intermediate points via Willow Creek and Orleans, and between these points, on the one hand, and, on the other hand, Scotia and Trinidad and intermediate points, including Eureka, Arcata, Crannell and Redwood Acres Fair Grounds.

The proposed lease and purchase would be consummated pursuant to an agreement attached to the application as Exhibit "B". The term of the lease is five years and seven months at the term rental of \$24,800 payable as follows: During the first five years of the term the sum of \$300 per month during December, January, February and March, and \$400 per month during each other month of said years; and during each of the last seven months of the term the sum of \$400 per month with the privilege and option that Freight Lines may purchase all of said operative rights and automotive equipment involved, by the payment of the additional sum of \$200 at the end of the term of the lease. At any time during the term of the lease Freight Lines may exercise its option to acquire the properties by the payment of the unpaid term rent under the lease and the payment of the additional sum of \$200. According to Exhibit "X", attached to Exhibit "B", the 13 units of automotive equipment have a present value of \$14,500. The application shows the operating results of Humboldt under the rights involved for the years 1946 and 1947 as set forth in the margin. <sup>(2)</sup>

The application states that Humboldt presently maintains joint rates, as authorized by the Commission, with other highway common carriers and an express corporation and also acts as an underlying carrier for an express corporation under contract. Freight Lines proposes to continue to operate under these joint rates and contractual arrangements. The rates, rules and regulations to be assessed and applied by Freight Lines in connection with

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(2) The application sets forth the operating results of Humboldt for the calendar years 1946 and 1947 as follows:

	<u>Gross Operating Revenues</u>		
	<u>Passenger</u>	<u>Freight</u>	<u>Total</u>
1946	\$ 1,602.54	\$53,543.55	\$44,146.09
1947	1,810.71	58,508.96	60,319.67

its proposed service would be the same as those presently assessed and applied by Humboldt currently in effect and on file with this Commission.

Applicants assert that the present operations of Humboldt can be performed more effectively and more efficiently if performed by two separate operating companies, as proposed, one with headquarters at Eureka and the other with headquarters at Redding. The operation which Humboldt proposes to retain would be in the territory tributary to Eureka. That which would be leased to Freight Lines with headquarters at Redding would be principally tributary to Redding. The officers and directors of Redding-Eureka Freight Lines, who also own all the issued and outstanding capital stock of the corporation, have been employed by Humboldt for more than four years last past, working in various capacities and are experienced and thoroughly familiar with the territory involved. All of them have worked as drivers and one has been the local manager of the Redding division of Humboldt for the past three years.

After a careful review of this application it is our conclusion that it is not adverse to the public interest to authorize applicants to lease the properties involved under the terms of the agreement attached to the application as Exhibit "B". If at any time prior to or at the expiration of the term of the lease applicants desire to exercise the option to purchase the properties involved, they must file with this Commission a supplemental application in this proceeding requesting authority to transfer such properties.

Redding-Eureka Freight Lines 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

Application having been made to the Public Utilities Commission for an order authorizing the lease of operative rights and properties, and the Commission having considered the matter and being of the opinion that a public hearing is not necessary, that the application should be granted, as herein provided, and that the money, property or labor to be procured or paid for by the execution of the lease is reasonably required by the lessee for the purpose specified herein, therefore,

IT IS ORDERED:

(1) That Humboldt Motor Stages, Inc. is hereby authorized to lease to Redding-Eureka Freight Lines, and the latter is hereby authorized to lease from the former, on or before August 1, 1948, the physical properties described in Exhibit "B" attached to the application herein and the following operative rights created by Decision No. 41137 in Application No. 28870:

An operative right as a passenger stage corporation, as defined in Section 2 $\frac{1}{2}$  of the Public Utilities Act, for the transportation of passengers, baggage and packages of express weighing 100 pounds each or less on passenger carrying vehicles only, between Mad River, Weaverville, Lewiston Junction and Minersville and intermediate points via Hay Fork, Peanut and Douglas City.

An operative right as a highway common carrier, as defined in Section 2-3/4 of the Public Utilities Act, for the transportation of property between Willow Creek, Redding, Mad River, Minersville and intermediate points.

(2) That a certificate of public convenience and necessity is hereby granted to Redding-Eureka Freight Lines authorizing the establishment and operation of service, as a highway common carrier, as defined in Section 2-3/4 of the Public Utilities Act, for the transportation of property between Willow Creek, Redding, Mad River and Minersville, excluding Willow Creek, on the one hand, and, on the other hand, Scotia, Trinidad, Willow Creek and intermediate points via Eureka, Arcata and Blue Lake, excluding Willow Creek.

(3) That upon consummation of the lease of the properties herein authorized and in providing service pursuant to the authority herein granted, applicants shall comply with and observe the following service regulations:

- (a) Redding-Eureka Freight Lines, on or before June 1, 1948, shall file a written acceptance of the certificate herein granted.
- (b) On or before June 1, 1948, and on not less than 5 days' notice to the Commission and the public, Redding-Eureka Freight Lines, as lessee, shall establish the service herein authorized and comply with the provisions of General Orders Nos. 79, 80 and 93-A, by filing in triplicate, and concurrently making effective appropriate tariffs and time tables. Humboldt Motor Stages, Inc. shall also appropriately comply with said orders.
- (c) Subject to the authority of this Commission to change or modify them by further order, operations pursuant to the authority herein granted shall be conducted as follows:

Over and along U. S. Highway 101 between Scotia and Trinidad. Over and along U. S. Highway 299 between its junction with U. S. Highway 101 and Redding with divergence at Tower House to French Gulch. Over the county road between the latter points. Over California State Route 36 from Mad River to its junction with county road near Peanut, thence over said county road to its junction with U. S. Highway 299. Over a county road between Lewiston Junction and Minersville.

(4) That the authority herein granted will become effective when Redding-Eureka Freight Lines shall have paid the minimum fee prescribed by Section 57 of the Public Utilities Act, which fee is \$25.

Dated at San Francisco, California, this 27<sup>th</sup> day of April, 1948.

Chas. J. ...  
Justice J. ...  
... ..  
Harold T. ...  
... ..  
COMMISSIONERS

