

Decision No. 46733

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of)
 Eureka-Redding Stages, Inc., and)
 Thos. B. Riley and Ethelyn M. Riley,)
 doing business as Trinity Bus Line,) Application No. 33062
 for authority for the latter to)
 transfer, and the former to acquire,)
 certain operating rights and)
 equipment.)

O P I N I O N

By the above-entitled application, Thos. B. Riley and Ethelyn M. Riley, doing business as Trinity Bus Lines, (hereinafter referred to as the sellers) request authority to sell, and Eureka-Redding Stages, Inc. (hereinafter referred to as purchaser) requests authority to purchase, all of the operative rights, equipment, furniture and fixtures now owned and operated by the seller. ⁽¹⁾ The operative rights consist of authority to transport passengers and hand baggage between Redding and Shasta on sightseeing trips (Decision No. 39326, dated August 13, 1946, Application No. 27655), and the transportation of passengers, baggage and express between Willow Creek and Weaverville and between Lewiston Junction and Redding and intermediate points including French Gulch (Decision No. 41137, dated January 19, 1928, Application No. 28870). In addition, the purchaser requests authority to issue 500 shares of capital stock without par value.

(1) Four flexible type passenger buses, one differential case assembly, one 7-cubic foot air compressor, one office desk, miscellaneous used parts and tires.

According to the purchase agreement, attached to the application as Exhibit C, the purchaser agrees to pay to the seller the sum of \$20,000 in consideration for the operative rights and equipment. The payments are to be made in the following manner: \$500 upon execution of agreement (Exhibit C); \$9,500 within 15 days after final authorization of the transfer; \$1,000 each six months thereafter, with five per cent interest on deferred payments, until the total purchase price has been paid.

In justification for the authority sought, applicants allege that Thos. B. Riley is in ill health and as a result, the sellers wish to transfer their entire operations to the purchaser; that the purchaser is better able to furnish a continuous and efficient passenger and express service to the public, from both a physical and financial standpoint.

The Commission is of the opinion that the transfer of operative rights and properties, as herein proposed, will not be adverse to the public interest, and that the money, property or labor to be procured or paid for through the execution of the agreement and the issue of the shares of stock is reasonably required for the purposes indicated, and that such purposes are not, in whole or in part, reasonably chargeable to operating expenses or to income.

Eureka-Redding Stages, Inc. 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

The Commission having considered the above-entitled matter, and being of the opinion that a public hearing thereon is not necessary and that the application should be granted, as herein provided; therefore,

IT IS ORDERED as follows:

(1) That, after the effective date hereof and on or before May 15, 1952, Thos. B. Riley and Ethelyn M. Riley may sell and transfer to Eureka-Redding Stages, Inc. the properties and operative rights hereinabove referred to, such sale and transfer to be in accordance with the terms of the purchase agreement filed in this proceeding, which agreement applicants are authorized to execute.

(2) The action taken herein shall not be construed to be a finding of the value of the rights and properties herein authorized to be transferred.

(3) Within thirty (30) days after the consummation of the transfer herein authorized, transferee shall notify the Commission in writing of that fact and shall within said period file with the Commission a true copy of any bill of sale or other instrument of transfer which may have been executed to effect such transfer.

(4) On not less than five (5) days' notice to the Commission and to the public, applicant shall file in triplicate, *JRM* and concurrently make effective, appropriate tariffs and timetables.

(5) Eureka-Redding Stages, Inc., after the effective date hereof and on or before June 30, 1952, may issue and sell

500 shares of stock for not less than \$20,000 and use the proceeds to pay indebtedness and to provide working capital to improve and maintain its operations.

(6) This order will become effective when applicants have paid the minimum fee prescribed by Section 1904 (b) of the Public Utilities Code, which fee is \$25.

Dated at San Francisco, California, this 5th day of February, 1952.

A. J. Anderson
President

Justice F. Casper
Harold A. Healy

Brother Patten
Edna E. Marshall
Commissioners

