

ORIGINAL

Decision No. 47849

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of)
INTERSTATE TRANSIT LINES, a Nebraska)
corporation, to transfer upon liquidation,)
and THE GREYHOUND CORPORATION, a Delaware)
corporation, to acquire, all certificates)
of public convenience and necessity owned)
by Interstate Transit Lines to operate as)
a common carrier of passengers by motor)
bus or passenger stage in intrastate)
commerce over various routes between Los)
Angeles, California, and the California-)
Nevada State Line near Wheaton Springs,)
California.)

Application No. 33711

O P I N I O N

Interstate Transit Lines, a Nebraska corporation, and one of the applicants herein, seeks authority to transfer its California passenger stage operating rights to The Greyhound Corporation, a Delaware corporation. The latter has joined in the application and proposes, after qualifying to do business in this state, to continue the bus service in the same manner as now conducted by Interstate. (1)

Interstate operates, generally, between Davenport and Dubuque, Iowa, on the east, and Los Angeles on the west, via Omaha, Cheyenne, Salt Lake City, Las Vegas and Barstow. Its California rights are between Los Angeles and Wheaton Springs, California, near the Nevada State Line, and points intermediate thereof, via Pomona, Ontario, Riverside, San Bernardino and Barstow along various named routes and subject to certain local restrictions.

The operating rights Interstate seeks to transfer are those which it acquired, by transfer, from Union Pacific Stages of California, a California corporation since dissolved, pursuant to Decision No. 32295 and the operating rights created by Decision No. 40450.

(1) For brevity, applicants will be referred to as Interstate and as Greyhound, and Union Pacific Stages, Incorporated, an affiliated Oregon corporation, operating generally between Salt Lake City and Portland and other northwestern points, as Pacific Stages.

Interstate owns all of the outstanding capital stock of Interstate Transit Lines, Inc., an Illinois corporation, operating, generally, between the Illinois-Iowa State Line and Chicago in conjunction with and complementary to the operations of the parent company.

At present applicant Interstate, its Illinois subsidiary, and Pacific Stages are operated in conjunction with each other as a joint and unified operation, under the trade name of Overland, which operation extends from Chicago in the east to Los Angeles and Portland in the west. These companies also have a majority of their officers and directors in common.

Greyhound is the parent company of the system of Greyhound motor bus companies and controls, through stock ownership, eleven subsidiary corporations which also conduct bus operations. Its operations and those of its subsidiaries are practically nationwide.

Greyhound now owns 33.33 per cent of the outstanding shares of capital stock of Interstate. The remaining shares are owned by Union Pacific Railroad Company and Chicago & Northwestern Railway Company. Greyhound also owns 33.85 per cent of the outstanding shares of capital stock of Pacific Stages, with Union Pacific Railroad Company owning the balance of the outstanding shares of the latter company.

On July 30, 1950, the Interstate Commerce Commission Division 4, by its order in No. MC-F-5190, among other things, approved the merger of Interstate and Pacific Stages with Greyhound (see copy of report and order filed as Exhibit "A" with this application), and the continuation of the operation of the Overland System by Greyhound. It also found that said merger will be consistent with the public interest. The merger agreement calls for the payment of cash and the issuance of preferred stock by

Greyhound to Union Pacific Railroad Company, and Chicago & Northwestern Railway Company for their respective interests in Interstate and Pacific Stages. (See particularly Sheets 7 and 8 of said Exhibit "A"). Under the terms of the Interstate Commerce Commission order, the companies have 180 days from September 9, 1952, the effective date of said order, to exercise the authority therein granted.

The purpose of the application to this Commission is to enable Interstate to comply with its part of said merger agreement insofar as its California intrastate operating rights are involved.

The past and present relations, as well as the operations, of applicants and the various companies in the Greyhound System, appear in said Exhibit "A" (Sheets 8 and 9). A repetition of the information and matters contained therein is not deemed necessary for the purpose of this application. Interstate and Pacific Stages have been in the Greyhound bus system since 1933, and they constitute an important link in the network of said system.

Greyhound's balance sheets for 1950, 1951 and the first six months of 1952, and income statements for the same periods (Exhibits "B" and "C") show that it, the survivor corporation, will be able to continue the operations which are the subject of this application, and give a standard of service which will be comparable with that rendered by Interstate.

Having fully considered the matter and things pertaining to this application, we find that the transfer of the operating rights as proposed will not be adverse to the public interest, inasmuch as the operation to be conducted by Greyhound will be the identical operations now conducted by Interstate.

This is not a matter requiring a public hearing and we are of the opinion that the application should be granted subject to

certain conditions as hereinafter provided.

The Greyhound Corporation 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, the Commission being fully advised in the premises, and good cause appearing,

IT IS ORDERED:

(1) That Interstate Transit Lines, a Nebraska corporation, may transfer, on or before January 31, 1953, to The Greyhound Corporation, a Delaware corporation, the operating rights hereinabove described, upon the terms and conditions set forth in the report and order filed as Exhibit "A" with this application, and The Greyhound Corporation is authorized to acquire and continue to operate the intrastate passenger stage service as heretofore authorized by the Commission.

(2) That applicant shall file in triplicate, and concurrently make effective, appropriate tariffs and time schedules, within one hundred eighty (180) days after the effective date hereof and on not less than five (5) days' notice to the Commission and the public.

(3) That, in the event the authority hereinabove granted

is exercised, The Greyhound Corporation shall notify the Commission in writing of the fact within thirty (30) days after the date of transfer.

(4) That The Greyhound Corporation shall keep its accounting and operating records in such a form that will enable it to file with the Public Utilities Commission of the State of California the reports required to be filed by the Commission's General Orders, and likewise file annual reports of its entire operations and of its California operations in the form prescribed by the Public Utilities Commission of the State of California.

(5) That the authority herein granted shall not become effective for any purpose unless and until The Greyhound Corporation shall have first qualified to transact business within the State of California.

(6) The Greyhound Corporation shall file a certified copy of its Articles of Incorporation with this Commission within thirty (30) days after qualifying to transact business within this state.

The effective date of this order shall be twenty (20) days after the date hereof.

Dated at San Francisco, California, this 21st day of October, 1952.

J. J. [Signature]
 PRESIDENT
Justice F. [Signature]
Harold A. [Signature]
[Signature]
[Signature]
 COMMISSIONERS