

ORIGINAL

Decision No. 48302

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application)	
of INTERCITY TRANSPORT LINES, INC.,)	
and HAROLD M. HAYS and ALAN G.)	
McLENEGAN, a partnership doing)	Application No. 34-023
business as INTERCITY TRANSPORT)	
LINES, for authority to enter)	
into a lease of certain operative)	
rights.)	

O P I N I O N

On January 15, 1953 Intercity Transport Lines, Inc., an express corporation, as defined in Section 219 of the Public Utilities Code, and Harold M. Hays and Alan G. McLenegan, partners doing business as Intercity Transport Lines, filed a joint application seeking an order of the Commission authorizing the former to lease to the latter all of the express business and all of the express corporation operative rights incident thereto of the lessor as described in and in accordance with a lease agreement marked Exhibit A and attached to the application.

Said Exhibit A defines the operative rights involved as being in general between San Francisco and Santa Rosa and intermediate points, on the one hand, and points along U. S. Highway No. 101 between the northern boundary of Santa Rosa and the northern boundary of Santa Rosa and the northern boundary of Willits including Redwood Valley and Talmadge, as well as other points as more particularly described in Decision No. 37763 in Application No. 20138. According to the proposed lease certain prescriptive express corporation operative rights would also be leased. They assertedly authorize service between San Francisco, East Bay points, Petaluma, Santa Rosa and Willits, on the one hand, and points north of Willits to and including Crescent City, Somes Bar and Willow Creek, on the other

hand. The term of the proposed lease is for the one-year period ending December 31, 1953 and continuing thereafter from year to year unless cancelled by either of the parties on not less than sixty days' notice. The consideration for the lease will be an amount equal to one-quarter per cent of lessee's revenue remaining after deducting payments made to lessee's underlying carriers.

In justification for the authority sought the application states that by Decision No. 29966 in Application No. 21026, the Commission authorized applicant, Intercity Transport Lines, Inc., to lease the properties involved herein to the partnership of Carrie C. McLenegan, C. S. McLenegan and Harold M. Hays, then doing business as Intercity Transport Lines. Pursuant to that decision the business and all of the operative rights of Intercity Transport Lines, Inc. were leased to this partnership in 1937 which has conducted operations thereunder until the recent expiration of that lease.

One of the former partners, Carrie C. McLenegan, is now deceased and another partner, C. S. McLenegan, retired from the partnership on December 31, 1952. As a result of these circumstances a new partnership has been formed by Harold M. Hays and Alan G. McLenegan. Mr. Hays is one of the former partners and Mr. McLenegan is the son of the retired partner, C. S. McLenegan, and long associated with the firm in an executive capacity. The sole stockholders of Intercity Transport Lines, Inc. are the wife of Harold M. Hays and the new partners Harold M. Hays and Alan G. McLenegan.

Reestablishment of operations by the corporation, according to the application, would involve certain expensive procedures such as obtaining approval of the Wage Stabilization Board with respect to salaries of officers of the corporation, maintenance of records, and changing and reprinting all bills and forms. Continuing the partnership operation would save those expenses as well as taxes on the compensation of the executives which would not be so taxed

if received as profits from the partnership.

After full consideration we find that the proposal of applicants is not adverse to the public interest and will be authorized. However, we make no finding as to the operative rights involved in this proceeding.

O R D E R

An application therefor having been filed and it having been found that the applicants' proposal is not adverse to the public interest,

IT IS ORDERED:

(1) That Intercity Transport Lines, Inc. may lease to Harold M. Hays and Alan C. McLenegan and the latter may lease from the former the operative rights and properties referred to in the opinion hereof pursuant to the terms and conditions of the lease marked Exhibit A attached to the application herein which applicants may execute.

(2) That within thirty days after the execution of the lease authorized in paragraph (1) hereof, applicants shall notify the Commission of that fact.

(3) That within sixty days after the effective date hereof applicants shall comply with the provisions of the Commission's Tariff Circular No. 2 by filing tariffs satisfactory to the Commission.

This order shall become effective twenty days after the date hereof.

Dated at San Francisco, California, this 24th day of February, 1953.

R. T. [Signature]
President
Justice F. [Signature]
Harold [Signature]
[Signature]

Commissioners