

Decision No. 48736

ORIGINAL

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of)	
HUMBOLDT MOTOR STAGES, INC., and)	
ELTON H. MATTOON, doing business as)	
HUMBOLDT TRANSPORTATION CO., for)	
authority (1) for the former to)	Application No. 34256
transfer, and the latter to acquire,)	
certain operative rights and equip-)	
ment, and (2) for certificates of)	
public convenience and necessity to)	
be issued to both applicants.)	

O P I N I O N

In the above-entitled application the Commission is requested to authorize Humboldt Motor Stages, Inc., to sell and Elton H. Mattoon to buy the following operative rights: (a) all of the highway common carrier operative rights now owned by the seller, which rights authorize service for the transportation of property between the junction of U. S. Highways 101 and 299 and Forks of Salmon and intermediate points via Willow Creek and Orleans, and between those points on the one hand, and, on the other hand, points on U.S. Highway 101 from Scotia to Trinidad inclusive via Eureka and the off-route points of Redwood Acres Fair Ground and Crannell, (b) passenger stage operative rights authorizing the transportation of passengers, baggage and express between the junction of U. S. Highways 101 and 299 and Forks of Salmon and intermediate points via Willow Creek, Orleans and Somes Bar as restricted between Willow Creek and U. S. Highway 101.⁽¹⁾

The buyer (Mattoon) also requests the Commission to issue to him a certificate authorizing passenger stage operations between points along U. S. Highway 101 between its junction with U. S.

(1) The operative rights involved were created by Decision No. 41137, Application No. 28870, as modified by Decision No. 41248, Application No. 28870 and Decision No. 45611, Application No. 32167.

Highway 299 and Eureka, on the one hand, and, on the other hand, points on U. S. Highway 299 between its junction with U. S. Highway 101 and Forks of Salmon subject to the local restriction above referred to.

This request is made in order to enable the buyer to handle passenger traffic between those points along U. S. Highway 101, on the one hand, and points east of the junction of U. S. Highways 101 and 299 in order to place him in a position to conduct through service between such points similar to the service now provided by the seller. Since the through stages of the buyer will be passing through Blue Lake, it is asserted the public would be benefited by permitting him to serve Blue Lake even though it is proposed that the seller shall also conduct through service at that point in conjunction with the latter's service between Scotia and Trinidad.

The seller (Humboldt Motor Stages, Inc.) will retain its passenger stage operative rights between Scotia and Trinidad and intermediate points along U. S. Highway 101 via Eureka, Bayside, Sunny Brae and Arcata with off-route service to Redwood Acres Fair Ground and Crannell. The seller also requests a passenger stage certificate between the junction of U. S. Highways 101 and 299, Blue Lake and Korbek and intermediate points so that it may continue serving these points which are within a relative short distance from U. S. Highway 101. Such authority would enable the seller to continue to provide the same service that it is presently rendering to and from Blue Lake and Korbek and points on U. S. Highway 101 between Trinidad and Scotia. Blue Lake is situated on U. S. Highway No. 299. Korbek lies southerly of that highway on a county road.

Applicants also request the Commission to issue new certificates to each of them after authorization of the transfer and certification of the extensions sought, said new certificates to supersede and be in the place and stead of all operative rights involved herein including those retained by the seller.

Authority is also sought by the seller to transfer to the buyer two passenger stages, two one-half ton pick-up trucks, one flat-rack trailer and one tractor, a total of seven automotive units in addition to miscellaneous separate parts for those vehicles. According to the application the present depreciated value of this equipment is \$17,550.

According to the agreement of sale, attached to the application as Exhibit A, the purchase price is \$20,000 payable as follows: \$5,000 upon the transfer of the operative rights involved; \$2,000 on or before two years after the date of the transfer of such operative rights and an additional sum of \$2,000 each year thereafter on the anniversary date of said transfer until the sum of \$20,000 is paid in full with interest thereon at the rate of 4 per cent per annum on the unpaid balance of the purchase price.

A balance sheet statement (Exhibit E) indicates the net worth of the buyer as of April 1, 1953, to be \$22,042.⁽²⁾

(2) Elton H. Mattoon, Balance Sheet as of April 1, 1953.

Assets

Cash in Banks	\$ 5,142.00
War Bonds	5,600.00
1948 Ford Sedan Automobile	900.00
Furniture	2,500.00
Real Estate (Home)	13,500.00
Total	<u>\$ 27,642.00</u>

Liabilities

Mortgage Note on Home	\$ 5,600.00
Net Worth	22,042.00
Total	<u>\$ 27,642.00</u>

The application states that the seller presently maintains through routes and joint rates with Pacific Greyhound Lines applying to service over the route of certain operative rights proposed to be transferred. The seller under contract also acts as an underlying carrier for an express corporation. The buyer would continue these arrangements.

The seller asserts that it is presently conducting operations under all of its operative rights which it proposes to transfer to the buyer. Likewise it is providing service under all of the rights which it proposes to retain except that it is not handling any traffic for Railway Express Agency, Inc., under an exception contained in its passenger stage certificate. Although such traffic is still moving the seller states it is presently handled by another carrier. It prefers to retain this exception in regard to Railway Express traffic to meet any possible future requests which might arise, but states that it has no objection to its elimination if the Commission concludes that should be done. Under the circumstances it appears that public convenience and necessity no longer require the special exception for the traffic of Railway Express Agency. Therefore, the exception should be omitted from the new certificate requested by Humboldt Motor Stages.

The buyer proposes to adopt and to continue in effect the present fares, rates, charges and service.

As justification for the authority sought the application states that with the exception of the passenger stage operations to and from Blue Lake and Korbek the entire operations of the seller to, from and between points east of U. S. Highway 101 to and including the terminus of the operation at Forks of Salmon by reason of the nature of the operation and the characteristics of the territory involved is in reality separate and distinct from the operations of

the seller along U. S. Highway 101. The buyer will thus be able to devote his full time and attention to those operations proposed to be acquired by him; that the buyer has had many years experience as a driver for the seller and experience as an automotive shop foreman; that the buyer would be able to do all mechanical work necessary to maintain the equipment proposed to be used and also engage in part-time driving thereby conducting the operation in the best possible manner and thus likewise reducing expenses.

The Commission after consideration of applicants' requests is of the opinion that they should be granted and that a public hearing is not necessary. The Commission is of the further opinion and finds that public convenience and necessity require the granting of new certificates to each of the applicants, as sought which would be in lieu of all of the operative rights involved.

Elton H. Mattoon 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

An application having been made to the Commission requesting authority to transfer operative rights and for certificates of public convenience and necessity, the matters having been considered and the Commission being of the opinion that the money, property or labor to be procured or paid for by the execution of the agreement of

sale is reasonably required by the buyer for the purpose specified herein, therefore,

IT IS ORDERED:

(1) That Humboldt Motor Stages, Inc., may, after the effective date hereof and on or before August 31, 1953, sell and transfer to Elton H. Mattoon, and the latter may acquire the passenger stage and highway common carrier operative rights and property referred to in the opinion hereof, said sale to be made pursuant to the terms and conditions of the agreement of sale attached to the application herein, which the parties may execute.

(2) That in the place and stead of the operative rights which Elton H. Mattoon is authorized by paragraph I of this order to acquire, the Commission hereby grants to said Elton H. Mattoon a new certificate of public convenience and necessity authorizing service:

(a) As a passenger stage corporation, as defined in Section 226 of the Public Utilities Code for the transportation of passengers, baggage and packages of express weighing 100 pounds each or less on passenger-carrying vehicles only, between the junction of U. S. Highways 101 and 299 and Forks of Salmon and intermediate points via Willow Creek, Orleans and Somes Bar, and between said points, on the one hand, and, on the other hand, points on U. S. Highway 101 from Eureka to the junction of U. S. Highways 101 and 299 subject to the following restriction:

No passengers, baggage or express shall be transported to or from any point on U. S. Highway 299 from the junction of said Highway with U. S. Highway 101 to and including Willow Creek, except on passenger vehicles originating at or destined to Weitchpec or points beyond.

(b) As a highway common carrier, as defined in Section 213 of the Public Utilities Code, for the transportation of property between the junction of U. S. Highways 101 and 299 and Forks

of Salmon and intermediate points via Willow Creek and Orleans, and between said points, on the one hand, and, on the other hand, points on U. S. Highway 101 from Scotia to Trinidad inclusive and serving Redwood Acres Fair Ground and Crannell by diversion from the main highway.

(3) That in the place and stead of the operative rights remaining in Humboldt Motor Stages, Inc., after the execution of the sale and transfer authorized in paragraph 1 of this order and created by Decision No. 41137 as modified by Decisions Nos. 41248 and 45611 a certificate of public convenience and necessity is hereby granted to said Humboldt Motor Stages, Inc., as a passenger stage corporation, as defined in Section 226 of the Public Utilities Code, for the transportation of passengers, baggage and packages of express weighing 100 pounds or less, on passenger-carrying vehicles only, between Scotia, Eureka, Bayside, Sunny Brae, Arcata, Blue Lake, Korbell, Crannell, Trinidad and intermediate points, serving Redwood Acres Fair Grounds by diversion from Eureka upon demand of 6 or more passengers.

(4) That the operative rights created by Decision No. 41137, (Application No. 28870), Decision No. 41248 (Application No. 28870) and Decision No. 45611 (Application No. 32167) are hereby revoked and annulled.

(5) That upon the consummation of the transfer of the properties as herein authorized and in providing service pursuant to the certificates herein granted, applicants shall comply with and observe the following service regulations:

- (a) Applicants shall file written acceptances of the certificates herein granted on or before August 31, 1953.

- (b) On or before August 31, 1953 and on not less than 2 days' notice to the Commission and the public, applicants shall establish the services herein authorized and file in triplicate and concurrently make effective appropriate tariffs and timetables which shall be satisfactory to the Commission.
- (c) Subject to the authority of this Commission to change or modify them by further order operation pursuant to the certificates herein granted shall be conducted as follows:

By Elton H. Mattoon over the following route:

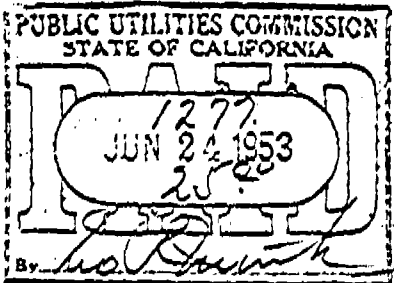
Beginning at Eureka thence over U. S. Highway 101 to U. S. Highway 299, thence over U. S. Highway 299, State Route 96 and a county road via Willow Creek, Orleans, Somec Bar to Forks of Salmon.

By Humboldt Motor Stages, Inc., over the following route:

Over U. S. Highway 101 between Scotia and Eureka. Between Eureka and Arcata over U. S. Highway 101 and about 2-1/2 miles to Bayside Junction, thence via Bayside Junction Road 1/2 mile to the old Arcata-Eureka Road which is followed north into Arcata a distance of 3 miles via Bayside and Sunny Brae. Between Arcata and Trinidad via U. S. Highway 101. Over county road between U. S. Highway 101 and Crannell. Over U. S. Highway 299 and county road from junction U. S. Highway 101 to serve Blue Lake and Korbel.

(6) That the authority herein granted will become effective when Elton H. Mattoon shall have paid the minimum fee prescribed by Section 1904 of the Public Utilities Code, which fee is \$25.

Dated at San Francisco, California, this 27th day of June, 1953.



R. B. [Signature]
President ✓

Justus J. Guemes

[Signature]

[Signature]

Commissioners