

Decision No. 54586**ORIGINAL**

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of)
 WALTER M. WOOD, an individual doing)
 business under the firm name of)
 REDDING-LAKEVIEW STAGES, for a new)
 certificate of public convenience)
 and necessity between the same)
 points presently served, and for)
 authority to sell said operating)
 rights, together with certain)
 equipment, to N. T. CHASTAIN.)

Application No. 38543

O P I N I O N

Walter M. Wood and N. T. Chastain, in the above-entitled application, are in effect asking the Commission for an order (1) restating Wood's passenger stage operative rights, with certain modifications, (2) authorizing Wood to transfer these operative rights and other property to Chastain, and (3) authorizing Chastain to incur indebtedness in the principal amount of \$19,900.00 payable over a period of more than 12 months.

Wood, doing business as Redding-Lakeview Stages, is engaged in the transportation of passengers, their baggage, and shipments of express weighing not to exceed 100 pounds each on passenger carrying vehicles between Redding and Alturas and intermediate points. He is also engaged in the transportation of passengers and baggage between Redding and Shasta Dam and intermediate points. The operative rights authorizing these services were granted and transferred several times by various decisions of the Commission. The rights were transferred to Wood under authorization granted by Decision No. 41574, dated May 11, 1948, and Decision No. 48934, dated August 6, 1953. Several other

decisions of the Commission have modified certain of these rights.¹ In view of the piecemeal accumulation of the rights in question and their various modifications, it appears desirable that a new certificate of public convenience and necessity be granted restating all of Wood's operative rights.

The in lieu certificate requested in the application would grant Wood operative rights which contain certain minor changes from the rights he presently has. The application asks that the service to be given under an in lieu certificate be conducted as a single, consolidated and unified operation. Wood is also asking that such an in lieu certificate authorize shipments of express weighing 100 pounds or less on passenger carrying vehicles throughout the entire passenger operation. At the present time this right is granted only over the route between Redding and Alturas.

At the present time Wood has an operative right authorizing an on call sightseeing service between Redding and Shasta Dam in addition to the regularly scheduled service between Redding and Shasta Dam. The application does not request that this sightseeing operative right be included in the in lieu certificate. Finally, the in lieu certificate requested would authorize a regularly scheduled service between Redding and Shasta Dam via Summit City and Buckeye as well as the present service between Redding and Shasta Dam via Twin View Boulevard, Project City, Central Valley and Summit City.

It appears to be in the public interest to include the changes enumerated above in any in lieu certificate granted to Wood.

¹ Decision No. 47271, dated June 17, 1952; Decision No. 53737, dated September 4, 1956.

Wood presently holds an exemption from observing the minimum rates prescribed by Minimum Rate Tariff No. 2 with respect to his express operation between Redding and Alturas. It appears to be in the public interest that Decision No. 31606, as amended, in Cases Nos. 4246, 4808 and 5432 and Decision No. 52199 in Case No. 5432 be further amended to extend this exemption to include any express rights granted Wood between Redding and Shasta Dam.

Therefore, after full consideration of the application, the Commission finds that public convenience and necessity require that Wood be granted a new certificate authorizing service, including the changes hereinabove referred to, as a passenger stage corporation to, from and between the points and over the routes as more specifically set forth in paragraph (1) of the following order.

The application states that Wood and Chastain have entered into an agreement, dated October 19, 1956, to transfer Wood's operative rights together with his present equipment and supplies to Chastain.² The agreed purchase price is \$20,000.00 of which \$9,000.00 is said to represent the value of the equipment and supplies, \$2,000.00 is said to represent the value of the operative rights, and \$9,000.00 is said to represent the value of the goodwill. Of the purchase price the sum of \$100.00 was paid upon execution of the agreement of sale and the balance of \$19,900.00 is to be paid by Chastain at the rate of \$2,400.00 per year, which sum is to include interest on the unpaid balance at the rate of one-half of one percent per month. The agreement is specifically made subject to the Commission's approval.

Chastain, doing business as Redding City Lines, operates a passenger stage corporation at the present time. It appears from

² The application states that this equipment includes three buses having a capacity of 29 passengers each.

the application that he is an experienced bus operator. A copy of Chastain's financial statement was filed with the application. This statement, dated October 1, 1956, shows that Chastain at that time had assets in the amount of \$12,326.46 and liabilities in the amount of \$633.45. It would appear from this statement that he should be able to maintain and operate the passenger stage service in question.

Exhibit E attached to the application indicates that in 1954, Wood's total revenue amounted to \$39,882.40; in 1955 it amounted to \$40,937.58; and during the first 8 months in 1956, it amounted to \$27,093.39. Exhibit F attached to the application shows that Wood's net profit for the year 1954 amounted to \$2,611.28; that during the year 1955 his net loss amounted to \$511.56; and that during the first 8 months of 1956 his net loss amounted to \$803.69. The application alleges, however, that the proposed transfer would tend to reduce various expenses presently incurred by Wood for the reason that the operation in question and Chastain's present passenger stage service would be operated under one management. Because of this fact, it is alleged that management costs per mile would be reduced. Likewise, it is alleged that maintenance expenses would be reduced because the same facilities would be used in servicing and maintaining all of the equipment used in both operations and because parts and supplies could be purchased in quantity thereby reducing their unit costs.

Chastain proposes to adopt the same time schedules, rates, rules and regulations that are presently in force for Wood.

After full consideration, the Commission is of the opinion, and it so finds, that the transfer of Wood's operative rights under the terms proposed, and subject to the conditions set forth in the following order, will not be adverse to the public interest and should be authorized. The action taken herein, however, shall not be construed to be a finding of the value of the rights or property authorized to be transferred.

The Commission is also of the opinion and finds that the purposes for which Chastain proposes to incur an indebtedness of \$19,900.00 are proper and that the money, property, or labor to be procured or paid for by such indebtedness is reasonably required for the purposes specified in the following order and that such purposes are not, in whole or in part, reasonably chargeable to operating expenses or income.

Chastain is hereby placed on 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.

No protest to the application has been received and it appears that a public hearing is not necessary.

O R D E R

An application having been filed, and the Commission being of the opinion that the authority requested should be granted,

IT IS ORDERED:

(1) That a certificate of public convenience and necessity is hereby granted to Walter M. Wood authorizing the establishment and operation of service as a passenger stage corporation, as that

term is defined in Section 226 of the Public Utilities Code, for the transportation of passengers, baggage, and express between the termini and all points intermediate thereto and over the routes as described and specified in Appendix A which is attached hereto and, by reference, made a part hereof subject to the provisions, restrictions, limitations and specifications contained therein. Service under this certificate may be conducted as a single, consolidated, and unified operation.

(2) That the certificate of public convenience and necessity granted in paragraph (1) of this order is not in addition to nor an enlargement of Wood's existing operative rights, except as set forth in the above opinion, but is commensurate therewith and all presently existing certificates of public convenience and necessity or other passenger stage operative rights held by Walter M. Wood are hereby revoked.

(3) That within thirty days after the effective date hereof, Walter M. Wood shall file a written acceptance of the certificate hereinabove granted.

(4) That after the filing of the written acceptance as required by paragraph (3) of this order, Walter M. Wood may sell and transfer to N. T. Chastain the operative rights granted in paragraph (1) of this order together with the property hereinabove described in accordance with the terms of the contract attached to the application as Exhibit C.

(5) That within thirty days after the completion of the transfer authorized in paragraph (4) of this order, N. T. Chastain shall notify the Commission in writing of the transfer and shall file, with the Commission true copies of the instruments executed

to effect the transfer.

(6) That applicants shall, effective concurrently with the consummation of such transfer, and on not less than five days' notice to the Commission and to the public, supplement or reissue the tariffs and timetables on file with the Commission naming rates, rules, regulations and schedules governing the common carrier operations here involved to show that Walter M. Wood has withdrawn or canceled and N. T. Chastain has adopted or established, as his own, said rates, rules, regulations and schedules.

(7) N. T. Chastain is hereby authorized to incur an indebtedness in favor of Walter M. Wood in the principal amount of \$19,900.00, payable more than twelve months after the effective date hereof and bearing interest at the rate of one-half of one percent per month for the purposes set forth in the application.

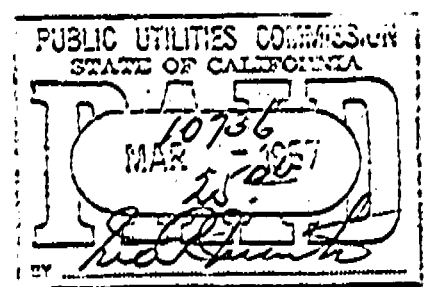
(8) Within five days after the effective date of this order, N. T. Chastain shall pay to the Commission a fee in the amount of \$25.00 as required by Section 1904 of the Public Utilities Code.

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

Dated at San Francisco, California, this 25th day of FEBRUARY, 1957.

[Handwritten signatures of three individuals]

Commissioners



Walter M. Wood, doing business as Redding-Lakeview Stages, by the certificate of public convenience and necessity granted in the decision as hereinafter numbered in Application No. 38543, is authorized to transport passengers, baggage, and express between the City of Redding and the City of Alturas, serving intermediate points, and between the City of Redding and Shasta Dam, serving intermediate points, all as hereinafter stated.

Motor vehicles may be turned at termini or intermediate points, in either direction, at intersections or by operating around a block contiguous to such intersections, or in accord with local traffic regulations.

When route descriptions are given in one direction, they apply to operations in either direction, unless otherwise indicated.

Subject to the authority of this Commission to change or modify such at any time, Walter M. Wood, shall conduct such passenger stage operations between the following points and over and along the following described routes:

1. Between Redding and Alturas via Round Mountain, Hillcrest, Burney, Fall River Mills, Bieber, Adin, and Canby along U. S. Highway 299, and intermediate points.
2. Between Hillcrest and Big Bend, which service shall be operated as an "on call" service for five or more passengers.
3. Between Redding and Shasta Dam via Twin View Boulevard, Project City, Grand Coulee Boulevard, Central Valley and Summit City.
4. Between Shasta Dam and Redding via Summit City and Buckeye.

Issued by California Public Utilities Commission.

Decision No. 54586, Application No. 38543.

A. General Express Restriction:

The term "express" as used herein includes all property transported in common carriage except the baggage of passengers.

No shipment of express that weighs in excess of 100 pounds shall be accepted for transportation, and all express shall be transported on passenger carrying vehicles only.

Walter M. Wood is hereby exempted from observing the rates, rules and regulations provided in Minimum Rate Tariff No. 2 for shipments of express weighing 100 pounds or less, and Decision No. 52199 in Case No. 5432, as amended, is hereby further amended by adding the name, Walter M. Wood, an individual, to the list of names of carriers in Appendix B of Decision No. 52199.

End of Appendix A

Issued by California Public Utilities Commission.

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