

Decision No. 23531

ORIGINAL

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of
 S. H. THOMAS and C. A. THOMAS,
 as co-partners, doing business under
 the style of Thomas & Son Transfer
 Co. to sell and Puckett Freight
 Lines, Ltd. to purchase an automobile
 (freight line) operated between the
 City of Los Angeles proper and East
 San Pedro or Terminal Island, and
 between East San Pedro or Terminal
 Island and San Pedro and Wilmington,
 California,

Application No. 17221

BY THE COMMISSION:

OPINION

In this application the Railroad Commission is asked to make an order authorizing C. A. Thomas and S. H. Thomas, co-partners, doing business under the firm name and style of Thomas & Son Transfer Company, to transfer certain operative rights and properties to Puckett Freight Lines, Ltd.

The properties to be transferred include a certificate of public convenience and necessity acquired by C. A. Thomas and S. H. Thomas under authority granted by Decision No. 14404, dated December 27, 1924 and permitting the operation of an automotive truck service as a common carrier of property for compensation between Los Angeles and East San Pedro or Terminal Island and between East San Pedro or Terminal Island and San Pedro and Wilmington, together with trucks, trailers, office furniture and fixtures and other properties, all of an alleged

value of \$9,500.00, segregated as follows:

Franchise	\$5,000.00
Trucks and trailers	2,935.00
Cement vault and steel doors	500.00
Office equipment	400.71
Trucking equipment	239.50
Garage equipment	205.29
Truck parts	144.50
Oil and grease	<u>75.00</u>
TOTAL.....	<u>\$9,500.00</u>

We have been advised that approximately \$1,000.00 was expended in the acquisition of the certificate now to be transferred.

The consideration to be paid for the operative rights represented by the certificate and for the properties is \$9,500.00, of which \$5,000.00, as shown above, is said to represent the value of the rights and \$4,500.00 the value of the physical properties. Under the agreement of sale \$1,000.00 of the purchase price is payable in cash upon the granting of the application by the Commission, and the balance, \$8,500.00, is to be represented by notes of the purchasing corporation, payable in the amounts of \$250.00 a month with interest at the rate of seven percent per annum, the first payment to be made on April 1, 1931.

Puckett Freight Lines, Ltd., the purchaser herein, is engaged in operating auto trucks between the harbor district and the City of Los Angeles and other points, as set forth in former decisions of the Commission. It appears to us that the presently proposed transfer should be authorized. We believe, however, that Puckett Freight Lines, Ltd., in recording the acquisition on its books of account should charge not more than \$1,000.00 to plant and equipment account, as representing the operative rights purchased, and not more than \$4,500.00 for the trucks, trailers and other physical property.

If it pays for the operative rights and properties more than \$5,500.00 we believe it should charge the excess to Account No. 109-Other debit accounts- and amortize the same over a period of three years by charges to income account No. 315.

In authorizing the transfer we wish to place the purchaser upon notice that operative rights do not constitute a class of property which should be capitalized or used as an element of value in determining reasonable rates. 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.

ORDER

Application having been made to the Railroad Commission for authority to transfer operative rights and properties, and the Commission being of the opinion that this is not a matter in which a public hearing is necessary and that the application should be granted, as herein provided,

IT IS HEREBY ORDERED that C. A. Thomas and S. H. Thomas, co-partners doing business under the firm name and style of Thomas & Son Transfer Company, be, and they are hereby, authorized to transfer their operative rights and properties to Puckett Freight Lines, Ltd.

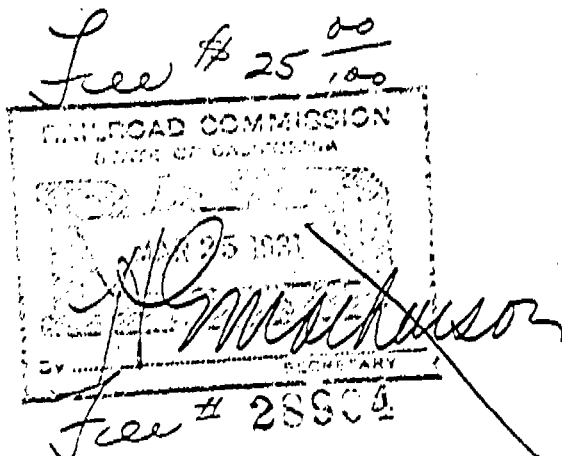
IT IS HEREBY FURTHER ORDERED that Puckett Freight Lines, Ltd. be, and it hereby is, authorized upon acquiring such rights and properties, to issue its promissory note, or notes, in the amount of not exceeding \$8,500.00, payable at the rate of \$250.00 a month, with interest at the rate of seven percent per annum.

The authority herein granted is subject to the following conditions:

- (1) The consideration to be paid for the properties herein authorized to be transferred shall never be urged before this Commission, or any other rate fixing body, as a measure of value of said property for rate fixing or any purposes other than the transfer herein authorized.
- (2) C. A. Thomas and S. H. Thomas and Puckett Freight Lines, Ltd. shall join immediately in common supplement to the tariffs on file with the Commission, C. A. Thomas and S. H. Thomas on the one hand withdrawing and Puckett Freight Lines, Ltd., on the other hand, accepting and establishing such tariffs and all effective supplements thereto.
- (3) C. A. Thomas and S. H. Thomas shall withdraw immediately time schedules filed in their name with the Railroad Commission, and Puckett Freight Lines, Ltd. shall file, in duplicate, in its own name, time schedules covering service heretofore given by C. A. Thomas and S. H. Thomas, which time schedules shall be identical with those now on file in the name of C. A. Thomas and S. H. Thomas, or time schedules satisfactory to the Commission.
- (4) The rights and privileges herein authorized to be transferred may not hereafter be sold, leased, transferred nor assigned, nor service thereunder discontinued by Puckett Freight Lines, Ltd., unless written consent of the Railroad Commission has first been secured.

- (5) No vehicle may be operated by Puckett Freight Lines, Ltd. under the authority granted, unless such vehicle is owned by said applicant or is leased by it under a contract or agreement on a basis satisfactory to the Railroad Commission.
- (6) Puckett Freight Lines, Ltd. shall keep such record of the issue of the note herein authorized as will enable it to file, on or before the 25th day of each month, a verified report, as required by the Railroad Commission's General Order No. 24, which order, insofar as applicable, is made a part of this order.
- (7) The authority herein granted will become effective when Puckett Freight Lines, Ltd, has paid the fee prescribed by Section 57 of the Public Utilities Act; which fee is Twenty-five (\$25.00) Dollars.
- (8) The order herein shall not be construed as authority for Puckett Freight Lines, Ltd., to consolidate the operating right herein authorized to be transferred, with operating rights now owned by said Puckett Freight Lines, Ltd.

DATED at San Francisco, California, this 13th day of March, 1931.



CC Seamy
Leon Whitwell
W. B. Lewis
T. G. Stewart
 Commissioners.