

Decision No. 24098

## BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of  
 O. W. SPAULDING to sell, and  
 L. F. MC KINNEY to purchase an automobile  
 freight line operated between Los Angeles-  
 Burbank on the one hand and Antelope Valley  
 points on the other hand. )  
 )  
 ) Application  
 ) No. 17664

BY THE COMMISSION -

OPINION and ORDER**ORIGINAL**

O. W. Spaulding has petitioned the Railroad Commission for an order approving the sale and transfer by him to L. F. Mc Kinney of an operating right for an automotive service for the transportation of property between Los Angeles and Burbank on the one hand and Antelope Valley points south of Rosamond on the other hand, and L. F. Mc Kinney has petitioned for authority to purchase and acquire said operating right and to hereafter operate thereunder, the sale and transfer to be in accordance with an agreement, a copy of which, marked Exhibit "A", is attached to the application herein and made a part thereof.

The consideration to be paid for the property herein proposed to be transferred is given as \$1650.00. Of this sum \$650 is declared to be the value of equipment and \$1000 is declared to be the value of intangibles.

The operating right herein proposed to be transferred originated in a certificate granted to S. A. Gates by Decision No. 15415 on Application No. 11232, dated September <sup>19, 1925</sup> ~~9, 1919~~, for the transportation of milk and other dairy products from points in the Antelope Valley south of Rosamond, including Rosamond, and from Saugus and Newhall, to Burbank and Los Angeles, and for the return transportation of articles and commodities necessary for the business of dairying and consigned only to dairymen shipping from the above 15911

mentioned points over applicant's service to the city of Los Angeles, including feed, dairy supplies, acetylene tanks, ammonia vats, utensils and machinery used exclusively in dairying, and also for the general transportation of freight of all classes, upon demand, between Bouquet Canyon and Los Angeles, over and along the following route:

By main county highways and connecting roads to the State highway, thence southerly by State highway via Mint Canyon or Bouquet Canyon, to Saugus and Newhall, and via San Fernando Road to Burbank and Los Angeles.

By Decision No. 19920 on Application No. 14756 the right above granted was transferred to O. W. Spaulding, who is now seeking to transfer to Mc Kinney.

In recording the transaction on his books of account applicant may charge to his fixed capital account not more than \$650.00.

We are of the opinion that this is a matter in which a public hearing is not necessary and that the application should be granted.

L. F. Mc Kinney is hereby placed 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.

IT IS HEREBY ORDERED that the above entitled application be, and the same is hereby granted, subject to the following conditions:

1- The consideration to be paid for the property 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 purpose other than the transfer herein authorized.

2- Applicant O. W. Spaulding shall immediately unite with applicant L. F. Mc Kinney in common supplement to the tariffs on file with the Commission covering service given under certificate herein authorized to be transferred, applicant Spaulding on the one hand withdrawing, and applicant Mc Kinney on the other hand accepting and establishing such tariffs and all effective supplements thereto.

