

In view of the fact that the certificate^d right here involved is under lien for taxes assessed by the State Board of Equalization and unpaid, a public hearing was conducted by Examiner Williams at Los Angeles.

Spencer testified that he was transferring the certificate to Venable because of ill health. He stated he knew tax obligations due the State of California, approximating \$6500, were assessed and a lien on the property. Venable testified similarly and further stated that he did not intend to operate under the certificate he was acquiring, but was under agreement with California Milk Transport Company, a corporation, to transfer it, with the approval of this Commission to that corporation for "a nominal amount". No objection to the transfer was made. There appears no reason why the application should be denied.

It is proper, however, to place the purchaser upon notice that the approval is based on the expectation that he will either continue the operation or file immediately his application to make the further transfer to the corporation. He is further placed upon notice that the transfer to him is subject to the State's lien upon the certificate which may be enforced by the proper coordinate department of the state at its will.

E. C. Venable 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 A. T. Spencer shall within twenty (20) days after the effective date of the order unite with applicant H. C. Venable in common supplement to the tariffs on file with the Commission covering service given under certificate herein authorized to be transferred, applicant A. T. Spencer on the one hand withdrawing, and applicant H. C. Venable on the other hand accepting and establishing such tariffs and all effective supplements thereto.
3. Applicant A. T. Spencer shall within twenty (20) days after the effective date of the order withdraw time schedules filed in his name with the Railroad Commission and applicant H. C. Venable shall within twenty (20) days after the effective date of the order file, in duplicate, in his own name time schedules covering service heretofore given by applicant A. T. Spencer, which time schedules shall be identical with the time schedules now on file with the Railroad Commission in the name of applicant A. T. Spencer or time schedules satisfactory to the Railroad Commission.
4. The rights and privileges herein authorized may not be sold, leased, transferred nor assigned, nor service thereunder discontinued, unless the written consent of the Railroad Commission to such sale, lease, transfer, assignment or discontinuance has first been secured.
5. No vehicle may be operated by applicant H. C. Venable unless such vehicle is owned by said applicant or is leased by him under a contract or agreement on a basis satisfactory to the Railroad Commission.
6. The authority granted to sell and transfer the right and/or property shall lapse and be void if the parties hereto shall not have complied with all the conditions within the periods of time fixed herein unless, for good cause shown, the time shall be extended by further order of the Commission.

Dated at San Francisco, California, this 1st day of April, 1935.

John A. ...
W. B. ...
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3 • COMMISSIONERS.