

Decision No. 28848

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of
RICHARDS TRUCKING & WAREHOUSE
COMPANY to sell, and PACIFIC FREIGHT
LINES to purchase, auto truck opera-
tive rights for the transportation
of freight between Los Angeles and
points in Los Angeles and Orange
Counties.

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} Application
} No. 20568
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}

O P I N I O N

Richards Trucking and Warehouse Company, a corporation has petitioned the Railroad Commission for an order approving the sale and transfer by it to Pacific Freight Lines, a corporation of operating rights for the automotive transportation as a highway common carrier of property between Los Angeles and various points in Los Angeles County and Orange County except the operating right between Los Angeles and Los Angeles Harbor District via Harbor Truck Boulevard with no intermediates between south boundary of Los Angeles or north boundary of Wilmington. Pacific Freight Lines, a corporation has petitioned for authority to purchase and acquire said operating rights 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 \$35,000 which is alleged by the applicant to be the value of the intangibles. Of the purchase price \$5,000 is payable upon execution of the agreement, \$12,000 in monthly installments of \$1,000, and the balance, \$18,000, on or before one year from the dated delivery into escrow of a certified copy of the Commission's order.

No equipment or other tangible assets are to be transferred.

The operating rights herein proposed to be transferred were acquired and created under authority of Decisions Nos. 10,033 dated January 30, 1922 and 18216 dated April 11, 1927 on applications Nos. 7355 and 11568 respectively. The operating right created by Decision No. 18883 dated October 4, 1927 on application No. 13929 is to be retained by Richards Trucking and Warehouse Company.

Pacific Freight Lines 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.

O R D E R

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 for any purpose other than the transfer herein authorized.
2. Applicant Richards Trucking and Warehouse Company shall within twenty (20) days after the effective date of the order herein unite with applicant Pacific Freight Lines in common supplement to the tariffs on file with the Commission, covering service given under the certificate herein authorized

to be transferred, applicant Richards Trucking and Warehouse Company withdrawing and applicant Pacific Freight Lines accepting and establishing such tariffs and all effective supplements thereto.

3. Applicant Richards Trucking and Warehouse Company shall within twenty (20) days after the effective date of the order herein withdraw all time schedules filed in its name with the Railroad Commission and applicant Pacific Freight Lines shall within twenty (20) days after the effective date of the order herein file, in duplicate, in its own name time schedules covering service heretofore given by applicant Richards Trucking and Warehouse Company which time schedules are now on file with the Railroad Commission, in the name of applicant Richards Trucking and Warehouse Company 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 obtained.

5. No vehicle may be operated by applicant Pacific Freight Lines unless such vehicle is owned by said applicants or is leased by it under a contract or agreement on a basis satisfactory to the Railroad Commission.

6. The authority herein granted to sell and transfer the rights 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.

The effective date of this order shall be the date hereof.

Dated at San Francisco, California, this 25th day of

May, 1936.

M. B. Lewis
Leon C. Whaley
W. J. Carr
W. B. Brown
Commissioners