Decision No. 28946

## BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of T. R. REX, doing business under the name and style of REX TRANSFER COMPANY, to sell and SANTA FE TRANSPORTATION COMPANY, a corporation, to purchase those certain certificates of public convenience and necessity granted by the Commission's Decisions Nos. 6902, dated December 5, 1919, 13574, dated May 17, 1924, and 19229, dated January 10, 1928, to operate Auto Truck Freight and Express Service between Los Angeles, Colton, San Bernardino, Redlands, Yucaipa and other points over the routes in said decisions described, together with equipment.

Application No. 20618

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BY THE COMMISSION:

## <u>opinion</u>

T. R. Rex, doing business under the name and style of Rex Transfer Company has petitioned the Railroad Commission for an order approving the sale and transfer by him to Santa Fe Transportation Company, a corporation, of operating rights for the automotive transportation as a highway common carrier of property between Los Angeles, Colton, San Bernardino, Redlands and Yucaipa and other points as described and restricted in decision hereinafter set forth; and Santa Fe Transportation Company, a corporation 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 \$55,000.00. Of this sum \$27,500.00 is alleged by the applicant to be the value of the equipment and \$27,500.00 is alleged to be the value of the intangibles.

The operating rights herein proposed to be transferred were created by Decisions Nos. 6902 dated December 5, 1919, 13574, dated May 17, 1924 and 19229, dated January 10, 1928 on Applications Nos. 4803, 9846 and 14176 respectively.

This appears to be a matter in which a public hearing is not necessary. The application will be granted.

Santa Fe Transportation Company 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.

## ORDER

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 T. R. Rex shall within twenty (20) days after the effective date of the order herein unite with applicant Santa Fe Transportation Company in common supplement to the tariffs on file with the Commission, covering service given under the certificate herein authorized to be transferred, applicant T. R. Rex withdrawing and applicant Santa Fe Transportation Company accepting and establishing such tariffs and all effective supplements thereto.
- 3. Applicant T. R. Rex shall within twenty (20) days after the effective date of the order herein withdraw all time schedules filed in his name with the Railroad Commission and appli cant Santa Fe Transportation Company 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 T. R. Rex which time schedules shall be identical with the time schedules now on file with the Railroad Commission, in the name of applicant T. R. Rex or time schedules satisfactory to the Railroad Commission.
- 4. The rights and privileges herein authorized may not be sold, transferred, leased, 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 Santa Fe Transportation Company 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. 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.

Dated at San Francisco, California, this 29th. day

of Amel, 1936.

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Commissioners