

Decision No. 36694

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of KNOLL)
 TRANSPORTATION, a California corporation,)
 to sell and transfer, and of BOULEVARD)
 TRANSPORTATION COMPANY, a California)
 corporation, to acquire a certificate of) Application No. 25775
 public convenience and necessity issued)
 by the Commission in Decision No. 32289)
 on Application No. 22931.)

BY THE COMMISSION:

ORIGINAL

O P I N I O N

The above entitled application requests authority for the transfer of a highway common carrier operative right between Los Angeles and Los Angeles Harbor from Knoll Transportation, a corporation, to Boulevard Transportation Company, a corporation. There is no proposal to transfer any physical property.

The right involved was created by Decisions Nos. 13562 and 14404, in Application No. 10020, and Decision No. 27015, in Application No. 17272. Knoll Transportation acquired said right under the authority of the Commission's Decision No. 32289, in Application No. 22931. This right, in general, authorizes highway common carrier service between Los Angeles and the steamship wharves at Wilmington and San Pedro and between Wilmington and Long Beach Harbor.

The consideration involved is the nominal sum of \$1 and certain non-monetary consideration. The non-monetary consideration is based upon the employment of R. G. Knoll by the purchaser as manager, said R. G. Knoll being the owner of substantially all the stock of seller, and the majority of the stock of purchaser subject

to a voting trust agreement. Such may be the understanding between the parties, but it should be clearly understood that the authorization hereinafter granted is not an approval of the purchase price in any respect, nor a finding of value for the purpose of rate fixing, issuance of securities, accounting, or for any other purpose.

Boulevard Transportation Company is placed upon notice that "operative rights" as such do not constitute a class of property which may be capitalized or used as an element of value in rate fixing for any amount of money in excess of that originally paid to the State as the consideration for the grant of such rights. 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 appears that this is a matter in which a public hearing is not necessary. The application will be granted.

O R D E R

Good cause appearing,

IT IS ORDERED as follows:

(1) That Knoll Transportation, a corporation, is authorized to sell and transfer to Boulevard Transportation Company, a corporation, the highway common carrier operative right acquired by Knoll Transportation under the authority of the Commission's Decision No. 32289, in Application No. 22931. Boulevard

Transportation Company, a corporation, is hereby authorized to purchase and acquire said operative right and thereafter to operate thereunder.

(2) That the authority herein granted is subject to the provisions of Section 52(b) of the Public Utilities Act, and further to the condition that Boulevard Transportation Company, its successors or assigns, shall never claim before this Commission, or any court or other public body, a value for said operative rights or claim as the cost thereof, an amount in excess of that paid to the State as the consideration for such rights.

(3) That applicants herein shall comply with the rules of the Commission's General Order No. 80 and Part IV of General Order No. 93-A by filing, in triplicate, and concurrently making effective, tariffs and time schedules satisfactory to the Commission within sixty (60) days from the effective date hereof and on not less than one (1) day's notice to the Commission.

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

Dated at San Francisco, California, this 9th day of November, 1943.

~~CERTIFIED TO BE TRUE COPY~~

~~Secretary, Railroad Commission
of the State of California~~

Francis A. Havens
[Signature]
Arthur J. Crayen
[Signature]
[Signature]
[Signature]
Commissioners: