

Decision No. 36737

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of)
U. C. EXPRESS AND STORAGE CO., a) Application No. 25640
corporation.)

BY THE COMMISSION:

ORIGINAL

O P I N I O N

In the above entitled application, as supplemented, U. C. Express and Storage Co., a corporation, requests the authority of the Commission to transfer all its highway common carrier operative rights and automotive equipment and other physical assets of every kind and nature to E. B. Haunschild and Charles H. Samuels. The latter request authority to acquire said operative rights, equipment and other physical assets and thereafter to operate thereunder.

The operative rights involved were created by operation of the transferor on May 1, 1917, as more particularly defined in the Commission's Decision No. 25261, in Case No. 3226 (38 C.R.C. 156), and orders amendatory thereof, and Decision No. 26993, in Case No. 3478, and orders amendatory thereof. The operation is, in general, between San Francisco, Santa Rosa, Sacramento, Stockton, Escalon and Gilroy and intermediate points as more particularly defined in said decisions.

The transfer is to be made pursuant to the terms of an agreement dated March 27, 1943, attached to the supplemental application. According to the agreement the transferees are the owners of all the issued and outstanding stock of the transferor corporation and by appropriate resolutions of its board of

directors and shareholders it has decided and elected to dissolve and windup the affairs of said corporation and distribute the assets of every kind and nature owned and held by the corporation to its shareholders. The agreement also provides that the transferees are to pay all the debts and liabilities of the transferor. No examination has been made by this Commission, nor by its authorized representatives, of the physical assets involved in this transfer as to their existence, value or ownership.

E. B. Haunschild and Charles H. Samuels are 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.

A public hearing appears to be unnecessary and the requested authorization will be granted.

O R D E R

An application therefor having been filed and good cause appearing,

IT IS ORDERED that U. C. Express and Storage Co., a corporation, may transfer to E. B. Haunschild and Charles H. Samuels the physical properties described in the agreement attached to the supplemental application herein and the highway common

