

Decision No. 37841

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

**ORIGINAL**

In the matter of the application of CHARLES L. ADLEY, to sell, and PRESIDENT TANK LINES, INC., a California corporation, to purchase, a highway common carrier operating right for the transportation of freight between Los Angeles and Los Angeles Harbor.

Application  
No. 26651

BY THE COMMISSION:

O P I N I O N

This is an application for an order of the Railroad Commission authorizing Charles L. Adley to transfer to President Tank Lines, Inc., certain highway common carrier operative right for the transportation of property, by auto trucks, between the city of Los Angeles and Los Angeles Harbor.

The right proposed to be transferred was established by reason of operations commenced prior to May 1, 1917, and continuous operations thereafter, and was acquired by Charles L. Adley pursuant to authority granted by Decision No. 30657, dated February 28, 1938. He now has entered into an agreement, dated March 31, 1945, to sell and transfer said operative right to President Tank Lines, Inc., for the sum of \$1400, payable as follows: \$100 on April 1, 1945, and \$100, or more, on the first day of each month thereafter until the full amount shall have been paid. No equipment or other property of any kind is to be transferred in connection with the transfer of the right. It

occurs to us that the terms of the agreement bring it within the provisions of Section 52 of the Public Utilities Act.

For 1944, Charles L. Adley reports total common carrier revenues of \$502.12 and other revenues of \$23,013.15.

President Tank Lines, Inc., is a corporation organized on or about December 16, 1933, under the laws of the State of California. The records of the Commission show that it now is engaged in business as a highway contract carrier, a city carrier and a radial highway common carrier. It reports that it has sufficient equipment with which to perform service under the operative right to be transferred. It has outstanding 1,000 shares of no par value stock with a stated value of \$4,066.72. Its surplus and undivided profits are reported at \$42,822.56.

President Tank Lines, Inc., in acquiring this right, 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 rate fixing for any amount of money in excess of that originally paid to the State as a 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 in the number of rights which may be given.

O R D E R

Application having been made to the Railroad Commission for an order authorizing the transfer of an operative right and the Commission having considered the application and it being of the opinion that a public hearing is not necessary and that the request of applicants should be granted, as herein provided, therefore

IT IS HEREBY ORDERED as follows:

1. Charles L. Adley may, on or before May 31, 1945, transfer his operative right referred to in the foregoing opinion, to President Tank Lines, Inc., such transfer to be in accordance with the terms and conditions of the agreement dated March 31, 1945, which is filed in this proceeding as Exhibit A. Applicants may execute an agreement similar in terms to said Exhibit A.

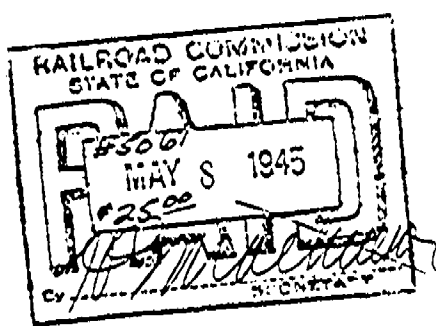
2. Applicants shall comply with the provisions of General Order No. 80 and Part IV of General Order No. 93-A by filing, in triplicate, and concurrently making effective, appropriate tariffs and time tables within sixty days from the effective date hereof and on not less than one day's notice to the Commission and to the public.

3. If President Tank Lines, Inc., acquires said operative right it may charge to intangible capital fifty (\$50) dollars of said purchase price. The remainder of the purchase price shall be charged to a suspense account and amortized on or before June 30, 1946, by charges to surplus.

4. The authority herein granted will become effective when President Tank Lines, Inc., has paid the minimum fee

prescribed by Section 57 of the Public Utilities Act, which  
fee is \$25.

Dated at San Francisco, California, this 1<sup>st</sup> day  
of May, 1945.



Harold Guderson  
Justice J. Caguen  
Richard Jackson  
Paul W. Clow  
James H. Kameel  
Commissioners