

Decision No. 37849

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the matter of the application of)
LeRoy Pittman to sell and Alton H.)
Putnam and Charles E. Warren, dba,)
California Southern Bus Co., to pur-)
chase an automobile Passenger Line)
operated between 2nd and National)
Ave., National City, and Paradise)
Valley, and between 2nd and National)
Ave., and Lincoln Acres, California.)

ORIGINAL

Application No. 26613

BY THE COMMISSION:

O P I N I O N

LeRoy Pittman requests authorization to sell to Alton H. Putnam and Charles E. Warren, as partners, doing business as California Southern Bus Co., his operative right for the transportation of passengers between National City and Lincoln Acres, San Diego County, and intermediate points, and also to sell to said partners certain automotive equipment and other property used in the operation of the business. The said partners seek authority to purchase said right and property.

The operative right proposed to be transferred was created by the Commission's Decision No. 36375, dated May 25, 1943, and was transferred to LeRoy Pittman by Decision No. 37685, dated February 27, 1945.

Pittman places the following value on his business, assets, and operating right proposed to be transferred: 2 busses, \$3,550; equipment and supplies, \$651; good will, \$617; operating right, \$100; or a total of \$4,918.

The busses are one 21-passenger Yellow Coach with 1940 Ford motor, valued at \$1,250, and one 21-passenger Wayne body with 1936 Dodge engine, valued at \$2,300. Equipment and supplies consist principally of parts, office supplies, etc.

The contract of sale is conditioned upon securing authorization from the Railroad Commission and calls for the payment by the partners to LeRoy Pittman of the sum of \$4,000 in cash and cash installments, and the assumption of payment of the sum of \$918 now owed to the seller of the Dodge bus. A down payment of \$2,050 has been made and the balance of \$1,950 is payable at the rate of \$200 a month, beginning March 1, 1945, with interest on the unpaid balance at the rate of 6% per annum.

Financial statements filed in support of this application show that the partners value their assets and list their liabilities as follows: Alton H. Putnam, as of April 16, 1945, assets \$2,144.56 and liabilities \$124; Charles E. Warren, as of April 13, 1945, assets \$34,541 and no liabilities.

As required by law, \$100 in filing fees have been paid for filing applications in connection with the operative right involved herein. If the partnership acquires this operative right it may charge to Intangible Capital a sum not in excess of \$100 and shall charge to Proprietor's Investment Account the sum of \$617.

It appears that LeRoy Pittman desires to quit the transportation business for personal reasons.

After full consideration of this matter, the Commission is of the opinion and finds that the proposed transfer is in the public interest and, therefore, the application will be granted. A public hearing is not necessary.

The action taken herein shall not be construed to be a finding of value for any purpose.

A. H. Putnam and Charles E. Warren, partners, are hereby 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.

O R D E R

IT IS HEREBY ORDERED that LeRoy Pittman be and he is hereby authorized to transfer to Alton H. Putnam and Charles E. Warren, a partnership, doing business under the name of Southern California Bus Co., the operative right acquired under authority of Decisions Nos. 36375 and 37685, and the automotive equipment and business referred to in the foregoing opinion, and that Alton H. Putnam and Charles E. Warren, partners, be and they are hereby authorized to purchase and acquire said right, equipment and business and thereafter to operate thereunder, subject to the following conditions:

- (1) That within thirty (30) days after the transfer of the properties authorized herein, said co-partnership shall file with this Commission a copy of the Bill of Sale executed under the authority herein granted.

- (2) That if the purchasers acquire the operative right and property they may charge to Intangible Capital Account not more than \$100 of the purchase price of the operative right, the remainder of the payment for such operative right and alleged good will is to be charged to Proprietor's Investment Account.
- (3) Applicant shall comply with the provisions of General Order No. 79 and Part IV of General Order No. 93-A by filing, in triplicate, and concurrently making effective appropriate tariffs and time tables within sixty (60) days from the effective date hereof and not less than five (5) days' notice to the Commission and the public.
- (4) That the authorization herein granted shall lapse and become void if not exercised within one (1) year from the date hereof unless further time is granted by subsequent order.

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

Dated at San Francisco, California, this 1st day of May, 1945.

David Ruden
Justice J. Cravner
Richard K. Ketchum
Harold W. Brown
James D. Lawrence
COMMISSIONERS