

Decision No. 38260

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

ORIGINAL

In the Matter of the Application)
of DALE C. RAMSEY doing business as)
Valley Truck Co. to sell and)
SOUTHERN CALIFORNIA FREIGHT LINES)
to purchase an automobile freight)
line between Los Angeles and vicinity)
and Imperial Valley, as more fully)
described in Decisions numbered)
30499 and 37695.)

Application No. 26938

BY THE COMMISSION:

O P I N I O N

Dale C. Ramsey, doing business as Valley Truck Co., seeks authority to transfer to Southern California Freight Lines, a corporation, and the latter proposes to acquire from the former, certain operative rights as a highway common carrier, together with the good will of the business and the motor vehicle equipment, materials, supplies and fixtures used by Ramsey in conducting the service.

Pursuant to certificates issued by the Commission, Ramsey operates as a highway common carrier between Los Angeles and Imperial Valley points transporting, in general, farm supplies, newspapers, and general commodities from Los Angeles to certain Valley points; and dry ice and farm and dairy products from

(1)
Imperial Valley points to Los Angeles. Ramsey also is authorized
to perform a seasonal service transporting specified commodities
from Valley points to Los Angeles. (2)

(1) By Decision No. 37695 rendered February 27, 1945, in Application No. 24211, Ramsey was authorized to establish a highway common carrier service for the transportation of certain commodities between designated points, as follows:

"1. For the transportation of farm supplies, as defined in the preceding opinion, from the Los Angeles Drayage area, as described in such opinion, to Alamo, Brawley, Calexico, Calipatria, El Centro, Heber, Holtville, Imperial, Kane Springs, Mt. Signal, Niland, Sandia, Seeley and Westmoreland and to all points and places in Imperial County within a fifteen mile radius of each of the points named.

"2. For the transportation of general commodities, other than farm supplies (excepting high explosives, automobiles, livestock, commodities in bulk, commodities requiring special equipment, unpacked and uncrated furniture, used household goods, newspapers and newspaper supplements) from said Los Angeles Drayage area to the Imperial Valley points specified in subparagraph 1 hereof, and to all points and places in Imperial County within lateral zones extending five miles on each side of the authorized routes traversed, south of Truckhaven.

"3. For the transportation of newspapers and newspaper supplements from Los Angeles to Bloomington, Indio, Coachella, Thermal and Calexico, including intermediate points between Bloomington and Calexico via authorized routes.

"4. For the transportation of farm and dairy products from Alamo, Brawley, Calexico, Calipatria, El Centro, Heber, Holtville, Imperial, Kane Springs, Mt. Signal, Niland, Sandia, Seeley, and Westmoreland and all farms, points and places in Imperial Valley, within a radius of fifteen miles of any of said points to Los Angeles territory, as described in the preceding opinion.

"5. For the transportation of dry ice from the points specified in subparagraph 4 hereof to Los Angeles."

(2) Under a certificate acquired by Ramsey pursuant to Decision No. 32783, dated February 6, 1940, in Application No. 23099, he may transport fresh fruits and vegetables, edible nuts, and fresh or dried beans and peas from El Centro, Niland, and Westmoreland, and an area within a 15 mile radius of each of these points, to Los Angeles, as a seasonal service, from approximately November 1st of each year to approximately August 1st of the succeeding year.

Under an agreement between the parties dated September 4, 1945, a copy of which accompanies the application, the price is fixed at \$62,500.00, of which \$37,500.00 is payable immediately following the Commission's approval of the sale, and the balance, amounting to \$25,000.00 is payable in monthly installments of \$500.00 each during the succeeding eleven months, the final payment of \$19,500.00 to be made on the first day of the twelfth month thereafter. Interest on unpaid balances is payable at the rate of 5 percent per annum. Title to the operative rights shall not pass until the price has been fully paid. However, the operative rights will be leased to Southern California Freight Lines for the term of one year, following the date of the Commission's approval of the sale, the lease being subject to termination should the purchaser default in the payment of any installment of the price. Under this arrangement, the Southern California Freight Lines would immediately undertake the operation of the service.

As shown in the application, a value of \$37,500.00 has been placed upon the tangible assets, and \$25,000.00 on the good will and the operative rights. Information accompanying the application indicates that garage equipment, parts, materials, supplies, and office furniture and fixtures are valued at \$5,000.00. The present value of motor vehicle equipment, applicants state, amounts to approximately \$44,500.00. A detailed description of the tangible property accompanies the application.

(3) The motor vehicle equipment to be transferred comprises some 19 units, consisting of 6 trucks, 5 tractors, 1 trailer, and 6 semi-trailers. The original cost, accrued depreciation, and claimed present value are reported by applicants, as follows:

Original Cost	\$52,716.59
Accrued Depreciation	19,794.26
Present Day Value	44,498.96

partial monopoly of a class of business over a particular route. Since acquiring these operative rights Ramsey assertedly has continuously operated thereunder. 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. During the period February 20, 1940 to December 31, 1944, and from January 1 to July 31, inclusive, of 1945, his operating revenues and expenses and net operating revenues are reported as follows:

Year	Operating Revenue	Operating Expense	Net Operating Revenue
1940	\$25,820.63	\$23,850.95	\$ 1,969.68
1941	30,462.75	32,128.03	(1,665.28)xx
1942	53,674.15	46,332.79	7,341.36
1943	156,863.00	141,873.00	14,990.00
1944	60,529.00	62,327.00	(1,798.00)xx
1945	55,101.79	68,815.79	(13,714.00)xx

For period from February 20 to December 31, 1940, incl. of which xx For period January 1 to July 31, inclusive rights, as a highway xx Figures in parenthesis denote loss. 2-3/4, Public Utilities Act), granted to and acquired by Dale C. Ramsey pursuant Southern California Freight Lines will be permitted to acquire from Ramsey, pursuant to the contract between the parties, the foregoing opinion; and Southern California Freight Lines is hereby authorized to acquire from Dale C. Ramsey the said California Freight Lines will be permitted to lease and operate operative rights and property, and thereafter to operate under the operative rights in accordance with the arrangement mentioned. Of the purchase price \$25,000.00 should be charged to account 1550 "Other Intangible Property" and amortized within two years after the purchase of said operative rights and properties. Of the purchase price shall be charged to account 1550 "Other Intangible Property" Southern California Freight Lines is 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 "Other Deductions", 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

(3) That applicants be and they are hereby authorized to enter into an agreement of lease, under which Dale C. Ramsey may lease to Southern California Freight Lines for the term of one year from the effective date hereof, the operative rights herein authorized to be transferred, which said lease shall be substantially in the same form as the agreement of lease accompanying the application herein, and marked Exhibit "G".

4) That applicants shall comply with the provisions of General Order No. 79 and General Order No. 93-A, by filing in triplicate and concurrently making effective appropriate tariffs and time schedules within 60 days from the effective date hereof, and on not less than one day's notice to the Commission and the public.

(5) That in the event such authority to transfer is exercised, Southern California Freight Lines shall notify the Commission thereof within 10 days after the actual date of such transfer.

(6) That within 30 days after the transfer of said operative rights and properties, Southern California Freight Lines, shall file with the Commission a copy of any bill of sale or other instrument of transfer, or any lease of said operative rights, executed under the authority herein granted.

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

Dated at San Francisco, California, this 2nd day of October, 1945.

[Signature]
[Signature]
[Signature]
[Signature]
COMMISSIONERS