

Decision No. 38334**ORIGINAL**

## BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of )  
 P. H. VERNAND and H. L. NORTON, co- )  
 partners, doing business as WEST )  
 COAST DRAYAGE CO., to sell; and )  
 ROBERT SNOWDEN, an individual, doing ) Application No. 26921  
 business as SNOWDEN RED LINE, to )  
 purchase, an automobile freight line )  
 operated between Los Angeles, Randsburg, )  
 and certain other points, in California. )

BY THE COMMISSION:

OPINION

P. H. Vernand and H. L. Norton, copartners, doing business as West Coast Drayage Co., request authority to sell and transfer to Robert Snowden, an individual, doing business as Snowden Red Line, their highway common carrier rights acquired under authority of Decisions No. 35695 and No. 37714. Robert Snowden seeks permission to purchase said operative rights. Applicants will hereinafter be referred to as vendors and vendee.

(1) By Decision No. 35695, dated August 11, 1942, vendors were authorized to acquire from Pacific Interurban Transportation Company, a partnership, the rights granted by Decisions Nos. 20751 and 28347. Decision No. 20751 authorized operation of a freight trucking service, as a common carrier, "between Los Angeles and Randsburg, Osdick, Atolia, Inn City, Hampton, and Johannesburg and all points intermediate to Mojave and Randsburg" over a certain described route, and provided "that no service may be rendered at any point between Los Angeles and Mojave, inclusive of Mojave." Decision No. 28347 authorized a similar operation "between Los Angeles and the area west of Rosamond, Closter, Fleta, and Mojave, as an extension and enlargement of . . . rights, as granted by Decision No. 20751, . . . , provided, however, that such service shall not be rendered to nor within one mile of the railroad stations at said Rosamond, Fleta, Closter, and Mojave and that said service shall be confined to points one mile or more west of the State highway between Rosamond and Mojave and not more than ten (10) miles distant therefrom over and along" the described route. By Decision No. 37714 said vendors were granted a right to operate as a highway common carrier "(a) between Lancaster, on the one hand, and points intermediate to Lancaster and Atolia, including Atolia, via Mojave and Randsburg, on the other hand, and (b) between Los Angeles and Lancaster, on the one hand, and points intermediate to Lancaster and Kramer, including Kramer, via Muroc Air Base, Muroc, and Boron, on the other hand."

Vendors state that they have continuously conducted operations under all operative rights herein sought to be transferred since the granting thereof.

Vendee operates a motor freight line between Los Angeles and Lancaster and certain intermediate points under certificates of public convenience and necessity heretofore granted by this Commission.

In addition to the said intrastate rights the agreement of sale also provides for the sale of an interstate right. <sup>(2)</sup> The total consideration to be paid for both intrastate and interstate rights is the sum of \$7,000, \$500 of which has heretofore been advanced, and the balance is payable as follows: \$3,000 upon the approval of the transfer by this Commission and the Interstate Commerce Commission; \$1,750 six months after date of the last of said approvals; \$1,750 one year after said approval. No interest is to be paid unless and until payments are in default.

Of the total of the said consideration, the sum of \$3,500 represents the value which applicants place upon the intrastate operative rights and the sum of \$1,000 represents the value of the good will associated with all operations proposed to be transferred. The value placed on the interstate rights is \$2,500.

No equipment or other tangible property will be transferred.

Applicant vendors' income and profit and loss statements for the years 1943 and 1944 show operating data as follows:

(2) Certificate of public convenience and necessity issued by Interstate Commerce Commission in Docket MC 39206, together with all sub-numbered extensions and enlargements thereof. Roughly, said interstate rights parallel the intrastate rights. Vendors, however, will retain interstate rights between Los Angeles and Los Angeles Harbor.

	<u>1943</u>	<u>1944</u>
Operating Revenue	\$78,027.65	\$43,736.00
" Expense	<u>83,453.17</u>	<u>49,038.00</u>
Profit & Loss	Loss \$ 5,425.52	Loss \$ 5,302.00

Vendee's financial condition as of June 30, 1945, as shown in balance sheet filed in support of this application, was as follows: Assets, \$94,670.30; Liabilities, \$67,692.97; Net Worth, \$26,977.33.<sup>(3)</sup>

The Commission has made no evaluation of the property of either applicant and the action taken herein shall not be construed to be a finding or determination of value by this Commission for any purpose other than the proceeding herein involved.

In justification of the proposed sale and transfer, applicants allege as follows:

"That the proposed transaction is wholly in the public interest for the reason that vendee is a strong, efficiently operated and financially well implemented carrier presently operating in contiguous territory. Vendors are retaining their operative rights heretofore granted by the Interstate Commerce Commission in interstate or foreign commerce between Los Angeles Harbor and Los Angeles proper; they desire in the future to devote their activities principally to the transportation of property under said Interstate Commerce Commission operative rights, and, believing that their present rights in intrastate commerce can best be maintained by a strong and capable operator of the character of the vendee, desire to transfer the same to vendee. Vendee has been engaged in the motor transportation business for many years, having devoted most of the mature years of his life to the trucking business."

As required by law, filing fees of \$200 have been paid for filing applications in connection with the operative rights involved herein. If vendee acquires said operative rights he may

(3) Assets include the following: "Franchises, Permits \$17,650.00" and "Other intangibles \$350.00." Other assets are tangible. Snowden Red Line reported operating revenue and expense for 1944 of \$97,266.44 and \$97,394.24, respectively.

charge to Intangible Capital a sum not in excess of \$200.

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

Robert Snowden 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 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 ORDERED as follows:

(1) That P. H. Vernand and H. L. Norton, copartners, may, after the effective date hereof and on or before February 15, 1946, sell and transfer to Robert Snowden the operative rights acquired under authority of Decision No. 35695, dated August 11, 1942, in Application No. 25133, and Decision No. 37714, dated March 13, 1945, in Application No. 25471, and that Robert Snowden is hereby authorized to purchase and acquire said rights and thereafter to operate thereunder.

(2) That within 30 days after the transfer of the operative rights as authorized herein, said Robert Snowden shall file

with this Commission a copy of the Bill of Sale executed pursuant to the authority herein granted.

(3) That if Robert Snowden acquires said operative rights he may charge to Intangible Capital account not more than two hundred (\$200) dollars of the purchase price of the operative rights; the remainder of the payment for such rights is to be charged to account 109, Other Debit accounts, and amortized over a period of not exceeding five years after the date hereof by charges to Proprietor's account.

(4) That 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 60 days from the effective date hereof and on not less than 1 day's notice to the Commission and the public.

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

Dated at Los Angeles, California, this 30<sup>th</sup> day of October, 1945.

David L. ...  
Justice F. ...  
Francis ...

...  
COMMISSIONERS