

fully set forth in said decision.

It appears that the Sellers now desire to dispose of their operations and to that end have entered into an agreement, dated December 8, 1945, a copy being filed in this proceeding as Exhibit "A", whereby they agree to sell to San Bernardino Valley Transit Company, for \$40,000, their certificate of public convenience and necessity and other properties, described in the application as follows:

Tangible Property

Automotive equipment

1938 Ford, 37-passenger Crown transit bus	\$ 3,799.47
1940 Ford, 28-passenger Wayne school bus	2,868.36
1942 Ford, 27-passenger, transit coach	6,622.90
1944 Ford, 27-passenger, transit coach	<u>6,643.66</u>

Sub-total	19,934.39
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Office supplies and equipment, materials and supplies, tires, tubes, etc.	<u>1,867.88</u>
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Total tangible property	<u>21,802.27</u>
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Intangible Property

Goodwill and going concern value	11,669.74
Operative rights	50.00
Interest	<u>6,477.99</u>

Total intangible property	<u>18,197.73</u>
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Total	<u>\$40,000.00</u>
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Buyer is a corporation, organized on or about September 3, 1941, engaged in the operation of passenger stage lines within the City of San Bernardino and in adjoining territory. It proposes, if the present application is granted, to consolidate the operative rights it will acquire with those it now owns. It is reported that the purchase and consolidation, as here proposed, will not result in any reduction of service or in any increase in

fares, it being Buyer's intention to operate under the same tariff now in effect for the business now being conducted by Sellers.

Of the purchase price the agreement provides for the payment of \$5,000 upon execution of the agreement and \$35,000 in monthly installments of \$416.66 or more. It is provided that the deferred balance will be represented by a note in the principal amount of \$35,000, payable in 83 equal successive monthly installments of \$416.66 each, beginning on the first day of the month following the month in which the order of the Commission authorizing the transfer becomes effective, and one final monthly installment of \$417.22, payment to be secured by a chattel mortgage covering the four buses to be transferred to Buyer.

A copy of the proposed note has been filed in this proceeding as Exhibit "B" and a copy of the proposed chattel mortgage as Exhibit "C". The form of proposed note shows that each monthly payment of \$416.66 on the note shall be applied in the amount of \$339.54 to principal and \$77.12 to prepaid interest, and the final installment of \$417.22 shall be applied \$340.19 to principal and \$77.02 to prepaid interest. Of the total amount of the note, \$6,477.99 represents interest.

It appears that the transfer of rights and properties as proposed is not contrary to the public interest. An order accordingly will be entered.

The action taken herein shall not be construed to be a finding of value for any purpose other than the proceeding

herein involved. However, for accounting purposes Buyer shall charge to account 1221, Revenue Equipment, and to current asset accounts as may be appropriate, as defined in the uniform system of accounts prescribed for Class I carriers, not exceeding \$21,802.27, and may charge to account 1511, Franchises, not exceeding \$50.00. The prepaid interest of \$6,477.99 should be charged to account 1800, Prepayments, and amortized as payments are made on the note herein referred to, by charges to account 7000, Interest on Long-Term Obligations. The remainder of the purchase price, amounting to \$11,669.74, shall be charged to account 1550, Other Intangible Property, and amortized over a period of not exceeding seven years by charges to account 7500, Other Deductions, or written off to account 2946, Other Debits to Surplus.

San Bernardino Valley Transit Company 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 in the number of rights which may be given.

O R D E R

The Commission having considered this matter and being of the opinion that a public hearing is not necessary, that the

requests of applicants should be granted, as herein provided, and that the money, property or labor to be procured or paid for through the issue of the note is reasonably required for the purpose specified herein, therefore,

IT IS HEREBY ORDERED as follows:

1. Elizabeth Schilling and Gladys Porter, after the effective date hereof and on or before March 31, 1946, may sell to San Bernardino Valley Transit Company, a corporation, their properties referred to in the preceding opinion and the operative rights defined in the certificate of public convenience and necessity granted by Decision No. 38225, dated September 18, 1945, and San Bernardino Valley Transit Company may purchase and acquire said properties and operative rights and consolidate and integrate such rights with those now owned and operated by it.

2. San Bernardino Valley Transit Company, after the effective date hereof and on or before March 31, 1946, may execute a chattel mortgage in, or substantially in, the same form as that filed in this proceeding as Exhibit "C", and may issue a note in the principal amount of \$25,000 in, or substantially in, the same form as that filed as Exhibit "B" for the purpose of financing in part the purchase price of the rights and properties to be acquired by it from Elizabeth Schilling and Gladys Porter under the authority herein granted.

3. Applicants 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 on not less than one (1) day's notice to the Commission and to the public.

4. Within thirty (30) days after acquiring the operative rights and properties under the authority herein granted, San Bernardino Valley Transit Company shall file with the Commission a copy of the journal entries, used to record such acquisition on its books of account, which entries shall be in line with the entries mentioned in the foregoing opinion, and a report as required by the Commission's General Order No. 24-A.

5. The authority herein granted to execute a chattel mortgage and note will become effective when San Bernardino Valley Transit Company has paid the fee prescribed by Section 57 of the Public Utilities Act, which fee is Thirty-five (\$35.00) Dollars. In other respects the authority herein granted will become effective twenty (20) days from the date hereof.

Dated at San Francisco, California, this 15th day of January, 1946.

Howard Rudman
Justice J. Coarner
Francis J. ...
Harold J. Hull
Harold J. Hull
Commissioners

