

ORIGINAL

Decision No. 39066

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

IN THE MATTER OF THE APPLICATION)

OF)

W. W. WOOD to sell, and BEN O.)
YOUNG and CLAUDE A. BEAGLE to)
purchase an automobile freight)
line operated between San Diego-)
Oak Grove, San Diego-Julian and)
San Diego-Mesa Grande, California.)
-----)

) Application
) No. 27537

O P I N I O N

Applicant W. W. Wood is engaged in the transportation of freight between San Diego and Oak Grove and intermediate points, under a certificate of public convenience and necessity granted by the Railroad Commission by Decision No. 18529, dated June 20, 1927; and between San Diego and Julian and intermediate points, under a certificate of public convenience and necessity granted by the Commission by said Decision No. 18529, and between San Diego and Mesa Grande and intermediate points, under a certificate of public convenience and necessity granted by the Railroad Commission by Decision No. 33712, dated December 10, 1940.

For 1945 he reports his truck operating revenues at \$14,204.04.

He has agreed to sell to Ben O. Young and Claude A. Beagle, partners doing business under the name of Julian-Warner Truck Line, his certificates of public convenience and necessity,

his trucking equipment⁽¹⁾ including the good will of his truck line as a going concern. A copy of the agreement of sale is filed in this application as Exhibit "A". By its terms, the purchasers agree to pay for said properties \$12,000, payable as follows: \$8,000 upon the approval of the sale by the Railroad Commission, and the remaining \$4,000 over a period of 10 years in equal monthly installments, with interest on the principal balance remaining from time to time unpaid, at the rate of 6% per annum, with the right reserved to the purchasers to pay the \$4,000 at any time. The deferred payment of \$4,000 is to be represented by a promissory note.

Applicants report that of the purchase price, \$8,300 represents the value of the equipment, and \$3,700 represents the value of the good will, operative rights, going concern, and incidentals. If Ben O. Young and Claude A. Beagle acquire said properties, they shall charge \$8,300 to account 22-3 "Revenue Equipment-Freight", \$100 to account 24 "Intangible Property" and \$3,600 to account 28 "Deferred Debits". The \$3,600 should be amortized by charges to account 92 "Miscellaneous Charges to Income" during a period of not more than three years after the date hereof.

The Commission has considered this matter and is of the opinion that a public hearing is not necessary, and that the requests of applicants should be granted as provided in the following order. However, the action taken herein should not be

⁽¹⁾ The trucking equipment consists of the following:

'31 Ford pick-up, '37 auto car truck, '39 Ford diesel truck tractor, '40 Studebaker truck, '44 Chevrolet truck tractor, '45 Fruehauf '22' semi-trailer.

construed to be a finding of the value of the properties herein authorized to be transferred.

Ben O. Young and Claude A. Beagle 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

Application having been made to the Railroad Commission for an order authorizing the transfer of property and the issue of a note, and the Commission being of the opinion that the money, property or labor to be procured or paid for through the issue of said note is reasonably required for the purpose specified herein,

IT IS HEREBY ORDERED as follows:

1. W. W. Wood may, after the effective date hereof and on or before September 30, 1946, sell and transfer to Ben O. Young and Claude A. Beagle as partners doing business under the name of Julian-Warner Truck Line, his operative rights, equipment and property to which reference is made in this application, said transfer to be made pursuant to the terms and conditions of the agreement on file in this application as Exhibit "A". Said Ben

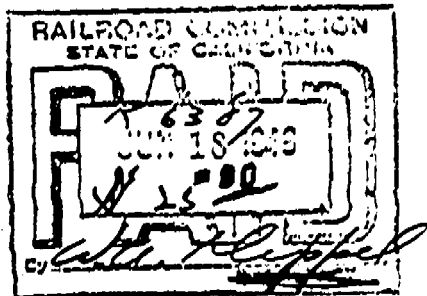
O. Young and Claude A. Beagle, as partners doing business under the name of Julian-Warner Truck Line, may acquire and operate said operative rights, equipment and property and issue to W. W. Wood their note for \$4,000 as part payment for same, the terms of said note to be the same as set forth in the agreement.

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

3. The authority herein granted will become effective when Ben O. Young and Claude A. Beagle, or either of them, have paid the minimum fee prescribed by Section 57 of the Public Utilities Act, which minimum fee is Twenty-five (\$25.00) Dollars.

4. If Ben O. Young and Claude A. Beagle as partners doing business under the name of Julian-Warner Truck Line acquire said properties, they shall record the purchase price as indicated in the foregoing opinion, and shall within thirty (30) days after acquiring said properties, file with the Commission a copy of the note issued under the authority herein granted.

Dated at San Francisco, California, this 11th day of June, 1946.



[Signature]
Justin Z. Coe
[Signature]
Harold P. Kula
Commissioners