

Decision No. 40432

ORIGINAL

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of)	
FRED B. GRAY, to sell, and UNITED	:	
TRANSPORT SYSTEM, a California corpora-)	
tion, to purchase, a highway common	:	Application
carrier operating right for the trans-)	No. 28468
portation of freight between Los	:	
Angeles and Los Angeles Harbor.)	
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OPINION AND ORDER

Pursuant to the authority granted by Decision No. 31136, dated August 1, 1938, in Application No. 22073, Fred B. Gray acquired operative rights authorizing him to operate as a common carrier between the City of Los Angeles and the steamship docks and wharves located at Los Angeles Harbor.

In this application, he asks permission to sell such operative rights to United Transport System. The consideration to be paid for the operative rights is \$1,000, payable in cash upon the approval of the transfer by the Commission. A copy of the agreement of sale is on file in this application as Exhibit "A".

Fred B. Gray's retirement from the transportation business is prompted largely by the condition of his health.

United Transport System is a corporation organized and existing under the laws of California. It has an authorized stock issue of 8,000 shares of the par value of \$25 each. It has issued and outstanding \$50,000 par value of stock.

United Transport System is now operating as a city carrier, radial highway common carrier and contract carrier under permits issued by the Commission. It is of record that it now owns sufficient equipment to conduct a common carrier business under the operative rights it is seeking to acquire, as well as the business conducted under permits granted by the Commission.

The Commission has considered applicants' request and believes that this application should be granted.

United Transport System 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.

The action taken herein shall not be construed to be a finding of the value of the operative rights herein authorized to be transferred.

IT IS HEREBY ORDERED that Fred B. Gray may, after the effective date hereof and on or before September 30, 1947, sell for \$1,000 to United Transport System the operative rights acquired by him pursuant to the authority granted by Decision No. 31136, dated August 1, 1938, in Application No. 22073, and United

Transport System may acquire said operative rights and conduct a common carrier transportation service under such operative rights.

IT IS HEREBY FURTHER ORDERED 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 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.

IT IS HEREBY FURTHER ORDERED that the authority herein granted will become effective twenty (20) days after the date hereof.

Dated at San Francisco, California, this 24th day of June, 1947.

Harold Hule
Justus F. Calver
Earl H. Powell
R. J. D. ...
Francis J. ...
Commissioners