

Decision No. 41392

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of)
 C. W. McCrum to sell and R. L. BEARS)
 to purchase an automotive freight)
 and passenger line (WOODLEAF STAR)
 ROUTE) operating between Oroville,)
 California, and Clipper Mills, Cali-)
 fornia.)

ORIGINAL
 Application No. 29104

OPINION AND ORDER

In this application the Commission is requested to authorize C. W. McCrum to sell and transfer to R. L. Bears, and the latter requests authority to purchase from the former an operative right for the transportation of passengers and property between Oroville and Clipper Mills and intermediate points, together with one 1946 model Studebaker flat-bed truck. The operative right proposed to be transferred was created by Decision No. 38824 in Application No. 27197. The agreed price for the operative rights and property proposed to be transferred is \$3,000, of which \$1,600 is stated to be the value of the equipment and \$1,400 the value of the operative rights. The application shows that of the agreed purchase price, \$2,000 has been paid in cash and the remainder of \$1,000 is to be represented by a note payable in monthly installments of \$50 with interest at six per cent per annum. The principal income from this operation is derived from transporting United States mail under contract which amounts to approximately \$1,600 annually. (1)

(1)	<u>Operating Revenue</u>	<u>Operating Expense</u>	<u>Net Operating Revenue</u>
1946	\$2,125.03	\$1,327.56	\$ 797.47
1947	2,388.93	1,588.93	800.00
	<u>\$4,513.96</u>	<u>\$2,916.49</u>	<u>\$1,597.47</u>

The Commission has considered this matter and is of the opinion that a public hearing is not necessary. The action taken herein shall not be construed to be a finding of the value of the operative rights and property herein authorized to be transferred.

R. L. Bears 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 Commission is of the opinion and finds that the application should be granted, as herein provided, and that the money, property or labor to be procured or paid for through the issue of the promissory note referred to is reasonably required for the purpose specified herein, which purpose is not, in whole or in part, reasonably chargeable to operating expenses or to income, therefore,

IT IS HEREBY ORDERED:

(1) That C. W. McCrum, on or after the effective date hereof and on or before June 1, 1948, may sell and transfer to R. L. Bears, and the latter may acquire from the former and thereafter operate thereunder the operative rights and property described in the foregoing opinion. In part payment for said operative rights, property and business R. L. Bears may issue a note in an amount not to exceed \$1,000 payable in monthly installments of \$50 with interest at the rate of six per cent per annum.

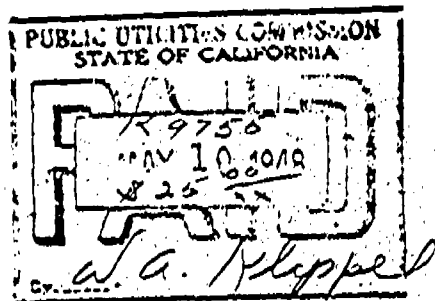
(2) That appropriate tariffs and time tables as required by General Orders Nos. 79, 80 and 93-A shall be filed in triplicate on or after the effective date hereof to be made effective on not less than 5 days' notice to the Commission and the public.

(3) That within 30 days after the consummation of the transfer herein authorized, C. W. McCrum shall notify the Commission in writing of that fact and shall within said period file with the Commission a true copy of any bill of sale or other instrument of transfer which may have been executed to effect the transfer authorized.

(4) That R. L. Bears shall file with the Commission a report as required by General Order No. 24-A which order insofar as applicable is made a part of this order.

The order herein granted will become effective when R. L. Bears has paid the minimum fee prescribed by Section 57 of the Public Utilities Act which fee is \$25.

Dated at San Francisco California, this 30th day of March, 1948.



R. J. [Signature]
Justice F. [Signature]
[Signature]
Harold [Signature]
[Signature]
COMMISSIONERS