

Decision No. 42304

ORIGINAL

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of)
 UNITED TRANSPORT SYSTEM, a California)
 corporation, to sell, and STEWARD R.)
 NESCHER, doing business as DIRECT) Application No. 29746
 TRUCKING CO., to purchase, a highway)
 common carrier operative right for)
 the transportation of property between)
 Los Angeles and Los Angeles Harbor.)

O P I N I O N

By Decision No. 40432, on Application No. 28468, applicant, United Transport System, a California corporation, acquired an operative right authorizing it to operate as a highway common carrier between the City of Los Angeles and the steamship docks and wharves located at Los Angeles Harbor. It requests permission to sell said operative right to Steward R. Nescher, who is now operating as a radial highway common, city, and contract carrier. The consideration is \$2,500. The terms are cash, payable upon approval of the sale by this Commission. No equipment or other property is to be sold or transferred.

For the first seven months of this year the seller reports total operating revenue of \$68,531.51 and total operating expenses of \$74,663.02, resulting in an operating loss of \$6,131.51.

The purchaser is now doing business as the Direct Trucking Co., and states that he has sufficient equipment on hand with which to perform the services required of him under this operative right. His financial condition as of September 30, 1948, was as

follows: Total Assets \$14,977.53; Total Liabilities \$3,147.41; Net Worth \$11,830.12. Operating revenues and expenses for the first nine months of 1948 were \$21,739.13 and \$17,486.03, respectively. Net profit for the period was \$4,253.10 after the deduction of operating taxes and depreciation.

Upon consideration of this matter the Commission is of the opinion and finds that the proposed sale and transfer is not adverse to the public interest and, therefore, the application will be granted. 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 authorized to be transferred.

Steward R. Nescher 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

Application having been made in the above-entitled matter, the Commission being fully advised in the premises, and finding that said application should be granted,

IT IS ORDERED:

(1) That United Transport System, a California corporation, may, after the effective date of this order, and on or before January 31, 1949, sell and transfer, for \$2,500, to Steward R. Nescher, the operative rights acquired by it pursuant to the authority granted in Decision No. 40432, in Application No. 28468, and Steward R. Nescher may acquire said operative rights and conduct a highway common carrier transportation service pursuant thereto.

(2) IT IS FURTHER ORDERED that Steward R. Nescher 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.

The effective date of this order shall be twenty (20) days from the date hereof.

Dated at San Francisco, California, this 14th day of December, 1948.

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