

ORIGINAL

Decision No. 42880

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of)
JOSEPH M. LARRALDE, doing business as)
PEAVINE TRANSFER, to sell, and ROY J.)
CHRISTENSEN and GERALD UNDERWOOD, a)
co-partnership, doing business as)
PEAVINE TRANSFER AND WAREHOUSE)
COMPANY, to purchase, an automobile)
freight line between Truckee, Cali-)
fornia, and Tahoe Valley, California,)
and intermediate points, and between)
Truckee, California, and Brockway,)
California, via Tahoe City and inter-)
mediate points.)

Application No. 30279

O P I N I O N

In this proceeding the Commission is requested to issue an order authorizing Joseph M. Larralde, doing business as Peavine Transfer, to sell and transfer, and Roy J. Christensen and Gerald Underwood, partners, doing business as Peavine Transfer and Warehouse Company, to purchase and acquire the highway common carrier operative rights between Truckee and Tahoe Valley and intermediate points, and between Truckee and Brockway and intermediate points via Tahoe City. This operative right was created by Decision No. 39632 in Application No. 27429. It is limited to the season from October 16 to the following April 14. Two truck units and miscellaneous supplies and equipment would also be transferred. The stated price is \$30,000, of which \$5,500 is said to represent the value of the physical property and \$24,500 represents the value of the operative rights granted by the California Public Utilities Commission, the Interstate Commerce Commission and the Public Service Commission of the State of Nevada. According to the agreement of transfer, the purchase price of \$30,000 would be paid as follows: \$5,000 upon the execution and delivery of the

agreement, and the remainder of \$25,000 to be paid in monthly installments of \$100 or more plus interest on deferred and reducing balances at the rate of 5 per cent per annum until the full balance of the purchase price with interest is fully paid. The maximum payment in any one year is not to exceed the sum of \$9,000 and the unpaid balance shall be paid within 15 years from the date of the agreement. In our opinion the agreement is an evidence of indebtedness under the provisions of Section 52 of the Public Utilities Act. The order herein will authorize applicants to execute the agreement.

A statement attached to the application as Exhibit "C" shows that the seller's net income for the years 1947 and 1948 was approximately \$7,500 and \$4,000, respectively. A financial statement of the buyers shows that Christensen and Underwood has a net worth of \$9,970 and \$8,150, respectively. The buyers are presently employed by the seller.

After full consideration, it is found that the public interest would not be adversely affected by approval of the transfer of operative rights and properties with which we are here concerned. Accordingly, the application will be granted. No public hearing appears to be necessary. However, the action taken herein shall not be construed to be a finding of the value of the properties which will be authorized to be transferred.

Roy J. Christensen and Gerald Underwood 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

An application having been made to the Public Utilities Commission for an order authorizing the transfer of operative rights and properties, and the Commission having considered the matter and being of the opinion that the application should be granted as herein provided, and that the money, property or labor to be procured or paid for by the execution of the agreement of sale herein authorized is reasonably required by the purchasers for the purpose specified herein, therefore,

IT IS ORDERED:

(1) That Joseph M. Larralde, after the effective date hereof and on or before September 30, 1949, may sell and transfer to Roy J. Christensen and Gerald Underwood, partners, the operative rights and properties referred to herein, and said Roy J. Christensen and Gerald Underwood may acquire and thereafter operate the same pursuant to the agreement attached to the application herein marked Exhibit "A", which agreement applicants may execute.

(2) That within 30 days after the consummation of the transfer herein authorized Roy J. Christensen and Gerald Underwood 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 be executed to effect said transfer.

(3) Applicants shall comply with the provisions of General Orders Nos. 80 and 93-A, by filing in triplicate and concurrently making effective appropriate tariffs and time tables on or after the effective date hereof and not later than September 30, 1949, and on not less than 5 days' notice to the Commission and the public.

(4) That the authority herein granted shall become effective when Roy J. Christensen and Gerald Underwood have paid the fee of \$25 as prescribed by Section 57 of the Public Utilities Act.

Dated at San Francisco, California, this 17th day of May, 1949.

R. T. Underwood
Justice F. Cassel
Dean H. Kaidell

COMMISSIONERS

