

Decision No. 42848

ORIGINAL

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application)	
of FLOYD E. PEARSON, doing busi-)	
ness as PALO ALTO TRANSIT, to sell,)	Application No. 30947
and NICHOLAS CAPRARO, to purchase,)	
an automotive passenger line opera-)	
ting between San Jose and Palo Alto,)	
California.)	

O P I N I O N

The above entitled matter is a joint application in which Floyd B. Pearson, doing business as Palo Alto Transit, and Nicholas Capraro request the Commission to authorize the former to sell and the latter to buy passenger stage operative rights between San Jose and Palo Alto. The right was created by Decision No. 25694 in Application No. 18632 and transferred to seller, by Decision No. 27617 in Application No. 19698 and amended by Decision No. 28480 in Application No. 19698.

The proposed sale and transfer will be in accordance with an Agreement of Sale executed by the applicants, which specifies a consideration of five thousand dollars. The sum of four thousand, eight hundred dollars is the agreed value of five buses and the sum of two hundred dollars is allocated as the value of the operative rights.

The seller's operating statement for the years 1944 up to and including November 30, 1949 is as follows:

	<u>Gross Operating Revenue*</u>	<u>Gross Operating Expenses</u>	<u>Net Operating Income</u>
1944	\$18,722.70	\$15,267.46	\$3,455.24
1945	19,815.43	14,798.03	5,017.40
1946	21,765.93	16,771.84	4,994.09
1947	24,531.58	20,702.31	3,829.27
1948	24,587.03	21,221.16	3,365.87
1949**	23,074.61	21,156.36	1,918.25

*Passenger fares

**To November 30, 1949

The purchaser's financial statement discloses a net worth of \$22,000.

After reviewing the facts the Commission is of the opinion and finds that the proposed sale is not adverse to the public interest and should be authorized. A public hearing is not necessary.

Nicholas Capraro 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 as above entitled, and the Commission being duly advised in the premises,

IT IS ORDERED as follows:

(1) That after the effective date hereof and on or before April 15, 1950, Floyd B. Pearson may sell and transfer to Nicholas Capraro and the latter may acquire from the former, the operative rights created by Decision No. 25694 in Application No. 18632 and thereafter operate thereunder.

(2) That within 30 days after consummation of the transfer herein authorized, Nicholas Capraro shall notify the Commission in writing of that fact, and within said period shall 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) That after the effective date hereof and on or before April 15, 1950, applicants shall comply with the provisions of General Order No. 79 and Part IV of General Order No. 93-A by filing in triplicate, and concurrently making effective appropriate tariffs and time tables on not less than five (5) days' notice to the Commission and the public.

The effective date of this order shall be 20 days after the date hereof.

Dated at San Francisco, California, this 20th day of February, 1950.

R. E. Anderson
Justin Z. Gallen
James P. Russell
Harold K. Kule
Penelope Pott
Commissioners