

ORIGINAL

Decision No. 43967

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of )	
FLOYD WAYNE WHITE, also known as )	
F. W. WHITE, to sell and L. E. GERMAN)	
and JEROME LOFGREN to purchase )	Application No. 31033
automotive passenger operative rights)	
operated in the City of Chico, )	
California. )	

O P I N I O N

The Commission is herein requested to authorize Floyd Wayne White, who is providing a passenger stage service generally between Chico and points immediately adjacent thereto, to sell his operative rights <sup>(1)</sup> and two 23 R Twin Coach Buses together with parts to L. E. German and Jerome Lofgren.

Applicant White alleges he is desirous of making such sale because his other business interests have made it necessary for him to remove to Los Angeles from Chico.

A copy of a contract of sale dated February 6, 1950, marked Exhibit "A" is attached to the application and provides that German and Lofgren are to pay White \$5,000 of which \$1,000 is allocated to the operative rights and \$4,000 to the equipment. The vendees are to pay \$3,000 in cash upon execution of the agreement; \$1,000 on March 31, 1950, and \$1,000 in twelve equal installments, with interest at the rate of 6% per annum from April 1, 1950, the first installment being payable on May 1, 1950. No provision is

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(1) The operative rights were created by Decision No. 42056, September 21, 1948, Application No. 29585 and transferred by Decision No. 42972, June 13, 1949, Application No. 30397.

made for retention of title by the vendor, nor for the execution by vendees of any security instrument and/or any other evidence of indebtedness.

It is alleged that L. E. German has been and now is managing the operation of the within passenger stage service upon behalf of White and is fully familiar therewith. A financial statement appended to the application indicates he has a total net worth of \$8,500 of which \$3,500 is represented by cash on hand. Jerome Lofgren alleges that he has had 15 years experience in farming and trucking and a financial statement filed with the application sets forth his total net worth at \$168,069 consisting in the main of real property, machinery, equipment, stocks and bonds.

We find that the public interest will not be adversely affected by approval of the transfer of the operative rights and property with which we are here concerned. We further find that the property to be procured or paid for by L. E. German and Jerome Lofgren by the execution of the above-mentioned contract is reasonably required for the purpose specified herein. The application will, therefore, be granted. In taking this action we are making no finding of the value of the operative rights and property involved. A public hearing is not necessary.

L. E. German and Jerome Lofgren are hereby placed on 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 filed, the Commission being fully informed, now therefore,

IT IS ORDERED:

(1) That Floyd Wayne White after the effective date hereof and on or before May 31, 1950, may sell and transfer to L. E. German and Jerome Lofgren the operative rights and property referred to herein and the latter may acquire and thereafter operate the same, such sale and transfer to be made in accordance with the terms of the contract attached to the application as Exhibit "A" and the said L. E. German and Jerome Lofgren may incur an indebtedness of \$1,000 under the terms of said contract to finance in part the purchase of said rights and property.

(2) That within 30 days after completion of the transfer herein authorized L. E. German and Jerome Lofgren shall notify the Commission in writing of that fact and within said period shall file with it a true copy of the bill of sale executed by Floyd Wayne White to effect the transfer.

(3) 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 within 60 days after the effective date

hereof and on not less than 5 days' notice to the Commission and the public.

(4) That the authority herein granted will become effective when L. E. German and Jerome Lofgren have paid the minimum fee of \$25.00 prescribed by Section No. 57 of the Public Utilities Act. Except as herein otherwise expressly provided, this order shall become effective 20 days after the date hereof.

Dated at San Francisco, California, this 21<sup>st</sup> day of March, 1950.

R. Z. Friedman  
Justin F. Craven  
Charles Lawrence  
Harold A. Kula  
Kenneth P. Potter  
 COMMISSIONERS

