

ORIGINAL

Decision No. 43968

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of)	
CHARLES W. SCHENK doing business as)	
CHICO-PARADISE-STERLING CITY STAGE)	
LINE to sell, and L. E. German and)	Application No. 31028
Jerome Lofgren, partners, to purchase)	
an automotive, passenger and express)	
line, operated between Chico and)	
Stirling City, California, and inter-)	
mediate points.)	

O P I N I O N

The Commission is herein requested to authorize Charles W. Schenk, who is providing a passenger stage service between Chico and Stirling City and intermediate points, to sell his operative rights ⁽¹⁾ and one Twin Coach Bus, Engine No. 594487, one Dodge Bus, Engine No. DR101018, together with spare parts and miscellaneous supplies to L. E. German and Jerome Lofgren.

Schenk alleges that he desires to make such sale so that he may move to Los Angeles where he has other business interests.

A financial statement, as of December 31, 1949, attached to the application, as amended, shows operating revenue of \$7708.07 and expenses of \$6281.92.

A copy of a contract of sale, dated February 4, 1950, marked Exhibit "A" is attached to the application and provides that German and Lofgren are to pay Schenk \$9750 of which \$5583.31 is

(1) The original operative right was granted by Decision No. 5704, dated August 26, 1918, and was transferred to Charles W. Schenk by Decision No. 43108, issued July 16, 1949, in Application No. 30407.

allocated to the operative rights and \$4166.69 to the equipment. The vendees are to pay \$2250 cash upon execution of the agreement, to be held in escrow by Price and Morony, Attorneys at Law, until completion of transfer and approval by the Public Utilities Commission at which time said sum is to be delivered to vendor and the balance of \$7500 with interest at the rate of 4% per annum in stallments of \$100 per month, the first payment being due and payable on March 15, 1950.

L. E. German now manages the Chico Transit Lines and has had a varied experience in the transportation and maintenance fields. A financial statement appended to the application, as amended, indicates he has a total net worth of \$8200 of which \$1500 is represented by cash on hand. Jerome Lofgren has engaged in farming and trucking for 15 years and a financial statement filed with the application sets forth his total net worth at \$169,869 consisting in the main of real property, machinery, equipment, stocks and bonds.

We find that the public interest will not be affected adversely by approval of the transfer of the operative rights and property involved herein. 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 and good cause appearing,

IT IS ORDERED:

(1) That Charles W. Schenk 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 \$7500 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 Charles W. Schenk to effect the transfer.

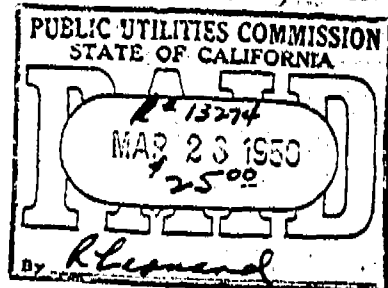
(3) Applicants shall comply with the provisions of General Order No. 79 and Part IV of General Order No. 93-A by filing in triplicate and concurrently making effective, appropriate tariffs and time tables within 60 days after the effective date hereof and on not less than 5 days' notice to the Commission 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 prescribed by Section 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 21st day of March, 1950.

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



Certified as a True Copy

SECRETARY, PUBLIC UTILITIES COMMISSION
STATE OF CALIFORNIA