

Decision No. 44195

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of J. B. BOWERS, ALFRED KNUTSEN, GEORGE E. JACOBSON and RAY H. FOX, copartners, to sell and S. DEL GEORGE, an individual, to purchase an automobile freight line for the transportation of livestock between various points in the State of California.

Application
No. 31316

O P I N I O N

This is an application for an order authorizing J. B. Bowers, Alfred Knutsen, George E. Jacobson and Ray H. Fox, partners, hereinafter referred to as Sellers, to sell and transfer highway common carrier operative rights and properties to S. Del George, hereinafter referred to as Buyer, and authorizing said Buyer to execute a promissory note in the principal amount of \$22,000.

The application shows that Sellers are engaged in the business of operating motor vehicles for the transportation of livestock between various points in the State of California under certificates of public convenience and necessity heretofore granted by the Commission. It appears that they desire to withdraw from the business of transporting livestock and accordingly have made arrangements to transfer to Buyer their operative rights and certain automotive equipment, shop and garage equipment, office furniture and inventories of parts, tires and fuel.

The consideration to be paid by Buyer for the properties sought to be transferred under this application, is the sum of \$9,719.13 of which amount the sum of \$6,219.13 is reported to represent the value of the automotive shop and garage equipment, office furniture and inventories of parts, tires and fuel and

\$3,500 is reported to represent the value of operative rights.

In addition, Buyer has agreed to assume Sellers' liability to Paul Alley, in the amount of \$32,000, which was incurred by Sellers in connection with the acquisition of certain automotive equipment consisting of one Sterling truck, six White trucks, one Linnton trailer and six Weber trailers. Buyer reports he will make cash payments of \$10,000 and will issue to Paul Alley a note for \$22,000 to be payable in 24 monthly installments with interest at the rate of 6% per annum on deferred balances.

The Commission has considered this matter and is of the opinion that a public hearing thereon is not necessary and that the requests of applicants should be granted, as provided in the order herein. Said Buyer is 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 in the number of rights which may be given.

In entering this order the Commission is not making a finding of the value of the rights and properties herein authorized to be transferred.

O R D E R

Application having been made to the Public Utilities Commission for an order authorizing the sale and transfer of operative rights and properties and the execution of a promissory note for \$22,000, and the Commission being of the opinion that the money, property or labor to be procured or paid for through the issue of said note is reasonably required for the purpose specified herein, which purpose is not, in whole or in part, reasonably chargeable to operating expenses or to income, therefore,

IT IS HEREBY ORDERED as follows:

1. J. B. Bowers, Alfred Knutsen, George E. Jacobson and Ray H. Fox, after the effective date hereof and on or before September 30, 1950, may sell and transfer to S. Del George the operative rights and properties referred to in the foregoing opinion and in this application, and said S. Del George may acquire said rights and properties, such transfer to be in accordance with the terms of the agreement filed in this proceeding as Exhibit A.

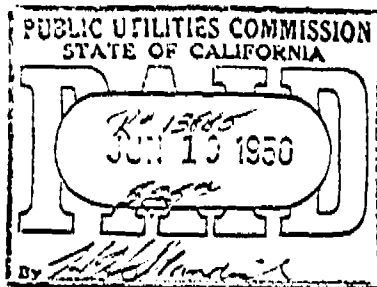
2. S. Del George, after the effective date hereof and on or before September 30, 1950, may issue a promissory note in the principal amount of \$22,000, payable in 24 monthly installments, with interest at the rate of 6% per annum on the unpaid balances, for the purpose of financing in part, the purchase price of the seven trucks and seven trailers referred to in this application.

3. Applicants 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 days from the effective date of this order and on not less than one day's notice to the Commission and to the public.

4. The authority herein granted will become effective when S. Del George has paid the minimum fee prescribed by Section 57 of the Public Utilities Act, which fee is \$25.00.

5. Within thirty days after the issue of the note herein authorized, S. Del George shall file a report thereof as required by the Commission's General Order No. 24-A, which order, insofar as applicable, is made a part of this order.

Dated at San Francisco, California, this 23rd day of May 1950.



R. J. ...
Justin F. Caswell
James A. Lawrence
Harold P. Kula

Commissioners

Kenneth Potter
Commissioner....., being necessarily absent, did not participate in the disposition of this proceeding.