

Decision No. 44203

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of)
 ROBERT E. HUNT to sell, and)
 ROBERT A. SHULTZ to purchase, an) Application No. 31311
 automobile freight line operated)
 between Coronado and San Diego and)
 North Island, California.)

O P I N I O N

Robert E. Hunt, doing business as Coronado Transfer, is providing service as a highway common carrier between San Diego and Coronado and North Island⁽¹⁾. In this proceeding, the Commission is requested to authorize Robert E. Hunt to sell, and Robert A. Shultz to purchase, the former's operative rights and equipment.

The consideration to be paid for the operative rights and property proposed to be transferred is the sum of \$5,000, of which \$1,000 represents the value of the equipment, and \$4,000 is to be in payment for the operative rights. The purchase price is to be paid in the following manner: \$1,000 is to be paid upon the approval of the sale, and the remainder, or the sum of \$4,000, is to be evidenced by a promissory note payable in equal weekly installments of \$50 each, with interest at the rate of six per cent.

Applicant Robert A. Shultz, it is alleged, has been employed by the seller in the active conduct and management of the business for a period of nine years and is familiar with, and is capable of conducting, the business in a manner equal to that in

(1) Decision No. 16298, dated Mar. 25, 1926, on Application No. 11861

which it has been conducted in the past. The property to be sold consists of a 1937 Ford truck and a 1948 GMC truck of a combined worth, it is estimated by applicants, of approximately \$1,100. Since the promissory note will mature at a period later than twelve months after its date of issue, the Commission is asked to authorize its issuance.

After full consideration, it is found, as a fact, that public interest and convenience will not be adversely affected by approval of the transfer of the operative rights and properties with which we are here concerned and the issuance of the promissory note as proposed. Accordingly, the application will be granted.

Robert A. Shultz, purchaser, 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.

The action taken herein shall not be construed to be a finding of value for any purpose other than the proceeding herein involved.

O R D E R

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 a public hearing is not necessary, it appearing 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 promissory note herein authorized is reasonably required by the purchaser for the purpose specified herein; therefore,

IT IS ORDERED:

(1) That Robert E. Hunt, after the effective date hereof and on or before July 15, 1950, may sell and transfer to Robert A. Shultz the operative rights and properties referred to herein, and said Robert A. Shultz may acquire and hereafter operate the same pursuant to the agreement attached to the application herein, and may issue his promissory note in the total principal amount of \$4,000, under the terms and conditions of said agreement, to finance in part the purchase price of said rights and properties.

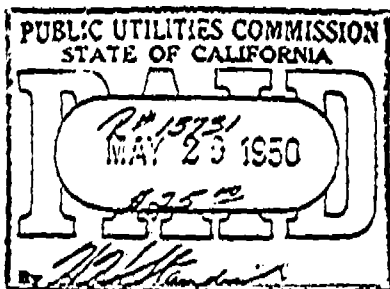
(2) That, within thirty (30) days after the consummation of the transfer herein authorized, Robert A. Shultz shall notify the Commission in writing of that fact; and shall, within said period, file with the Commission a true copy of any bill of sale or other instrument of transfer which may have been executed to effect said transfer.

(3) That, within thirty (30) days after the execution thereof, Robert A. Shultz shall file with the Commission a true copy of the promissory note issued pursuant to the authority herein granted.

(4) 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 schedules within sixty (60) days after the effective date hereof, and on not less than five (5) days' notice to the Commission and the public.

(5) That the authority herein granted will become effective twenty (20) days after the date hereof and when Robert A. Shultz has paid the minimum fee prescribed by Section 57 of the Public Utilities Act, which fee is \$25.

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



R. Z. [Signature]
Justice J. C. [Signature]
[Signature]
Harold T. [Signature]

COMMISSIONERS

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