

Decision No. 45968

**ORIGINAL**

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of

JOHN B. BURSON, an individual, doing business as KERNVILLE STAGE COMPANY, to sell, and JAMES C. CHRISTY and RAY W. INNESS, co-partners, to purchase property and operative rights for the transportation of passengers, baggage and express between Bakersfield, California, and Kernville and Onyx, California, and intermediate points, and to mortgage and otherwise encumber property thereof.

Application  
No. 32571

O P I N I O N

This is an application for an order authorizing John B. Burson, an individual, doing business as Kernville Stage Company, hereinafter referred to as Seller, to sell and transfer his passenger stage operative rights and properties to James C. Christy and Ray W. Inness, co-partners, hereinafter referred to as Buyers, and authorizing said Buyers to execute a promissory note in the principal amount of \$5,000, secured by a chattel mortgage on the public utility properties, to finance in part the purchase price of the properties to be acquired.

The application shows that Seller is engaged in the business of operating motor vehicles for the transportation of passengers, baggage, express and freight between Bakersfield on the one hand, and Kernville and Onyx, on the other hand, serving intermediate points. Seller reports his gross revenue from operations for the year 1950 at \$15,210.47, including \$1,945.60 from distributorship, and his net income at \$874.35.

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It appears that Seller desires to withdraw from the passenger stage business because of ill health and that arrangements have been made to transfer to the Buyers a certificate of public convenience and necessity together with certain automotive equipment and non-public utility properties as set forth in detail in Exhibit A attached to the application.

The consideration to be paid by the Buyers to the Seller for the properties sought to be transferred under this application is \$8,662, of which amount, \$2,662 is reported to represent the value of automotive equipment used in the passenger stage operations and \$6,000 is reported to represent the value of non-public utility properties. ✓

Under the terms of the agreement entered into by Buyers and Seller, the Buyers will pay to Seller the sum of \$2,500 in cash, will pay to Southern Garage in satisfaction of an outstanding account of Seller, \$1,162, and will finance the balance of the purchase price through the issuance of a promissory note in the principal amount of \$5,000. The promissory note which Buyers propose to issue is to be repaid in equal monthly installments over a thirty month period with interest at the rate of 6% per annum on the unpaid balance. The unpaid balance of the purchase price is to be secured by a chattel mortgage on the public utility properties to be transferred. A copy of the chattel mortgage which Buyers propose to execute is attached to the application as Exhibit B.

The Commission has considered this matter and is of the opinion that a public hearing thereon is not necessary; that the request of applicants should be granted, as provided in the order herein. Said Buyers are 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.

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 transfer of operative rights and properties and the execution of a chattel mortgage and a note for \$5,000, and the Commission being of the opinion that the application should be granted, as herein provided, and 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. John B. Burson, after the effective date hereof and on or before December 31, 1951, may transfer to James C. Christy and Ray W. Inness, co-partners, the operative rights and properties referred to in the foregoing opinion and in this application, and said James C. Christy and Ray W. Inness 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.

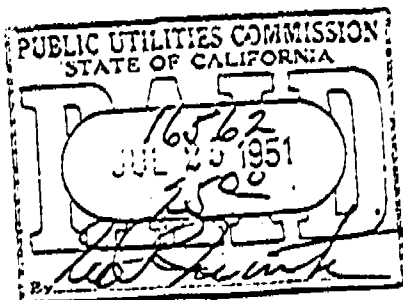
2. James C. Christy and Ray W. Inness, after the effective date hereof and on or before December 31, 1951, may issue a promissory note in the principal amount of not exceeding \$5,000, payable in thirty monthly installments, with interest at the rate of 6% per annum on the unpaid balance and may execute a chattel mortgage in, or substantially in, the same form as that filed in this proceeding as Exhibit B, for the purpose of financing in part, the acquisition of the properties referred to herein.

3. Applicant shall comply with the provisions of General Orders No. 79 and 80 and part 19 of General Order No. 98, by filing, in triplicate, and concurrently making effective, appropriate tariffs and time tables on not less than one (1) day's notice to the Commission and to the public.

4. The authority herein granted will become effective when James C. Christy and Ray W. Inness have paid the minimum fee prescribed by Section 57 of the Public Utilities Act, which fee is twenty-five (\$25.00) dollars.

5. Within thirty days after the issue of the note and the execution of the chattel mortgage herein authorized, James C. Christy and Ray W. Inness shall file a copy of each as actually executed.

Dated at San Francisco, California, this 24<sup>th</sup> day of July, 1951.



[Signature]  
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Commissioners