

ORIGINALDecision No. 45590

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of)
 ELIZABETE HENSLEY, dba LEE'S AUTO)
 STAGE LINE, to sell and MELVIN H.)
 BUNTING to purchase an automobile) Application No. 32922
 passenger line operated between)
 San Bernardino, Rialto and Bloom-)
 ington, California.)

Elizabeth Hensley and Melvin H. Bunting, in propria
 personae. Glenn Newton of the Commission staff.

O P I N I O N

A public hearing was held in this matter at Los Angeles on December 18, 1951, before Examiner Chiesa.

Evidence was presented as follows:

Elizabeth Hensley, doing business as Lee's Auto Stage Line, operates a passenger stage service between Bloomington, Rialto and San Bernardino. She also has a contract to transport school children in that area. The business was originally established by Walter D. Lee in 1912, to serve between San Bernardino and Rialto. In 1941, by Decision No. 33887, the operating right was extended to Bloomington.

The authority of this Commission is now sought to sell to Melvin H. Bunting said operating rights, four buses, shop equipment and supplies, fare boxes, money changers, office furniture and fixtures, and the goodwill and name of

the business. The consideration is \$35,000.00, payable \$9,000.00 upon the execution of the agreement and approval of sale, the balance to be evidenced by a promissory note in the sum of \$26,000.00, together with interest at the rate of four per cent, payable in monthly installments of \$250.00.

The original cost of the tangible assets to be sold and transferred was \$20,227.00, and depreciated book cost is \$4,701.95. Franchise (operating right) is valued at \$50.00; the balance is the value placed on goodwill and the company name of "Lee's Auto Stage Line".

For the first ten months of 1951 the gross revenue from passenger fares and school contract was \$27,515.78. The expenses amounted to \$23,315.14, which included provision for taxes, insurance and depreciation. The net income was \$4,200.64.

The financial condition of the purchaser at the time of filing this application consisted of \$11,700.00 in cash and United States Bonds, and a 1950 automobile valued at \$1,400.00. He has no liabilities. He is currently employed part time by the seller as a driver, and also as a car salesman for the Chevrolet auto agency at Rialto. If this application is granted, he proposes to devote his entire time to the business.

No changes are contemplated in the manner of operating the bus service. Present schedules, routes and fares will be continued.

Purchaser's wife owns, as her separate property, a home and an adjoining vacant lot where buses will be kept. This property, however, will not make up any part of the assets of the business.

It was testified that gross and net revenues have been increasing monthly during the past year, and the present and future residential development along the route served will further improve the business. Barring unforeseen unfavorable developments, it appears that the purchase obligation can be met.

The seller is desirous of retiring from the transportation business to devote her time to other matters.

The application was not opposed and, as it does not appear that the proposed sale will be adverse to the public interest, the application will be granted.

Melvin H. Bunting 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.

O R D E R

A public hearing having been held in the above-entitled proceeding, the Commission being fully advised in the premises, and good cause appearing,

IT IS ORDERED:

(1) That Elizabeth Hensley may, after the effective date hereof, and on or before March 31, 1952, sell and transfer to Melvin H. Bunting the operating rights and properties referred to in the foregoing opinion and in this application, and Melvin H. Bunting may acquire said operating rights and properties, in accordance with the terms and conditions of the agreement of sale filed as an exhibit in this application.

(2) That Melvin H. Bunting, after the effective date hereof and on or before March 31, 1952, may issue a promissory note in the principal amount of \$26,000.00, payable in monthly installments of \$250.00, with interest at the rate of four per cent per annum on the unpaid balances, for the purpose of financing in part the purchase price of the properties referred to in the application. In the opinion of the Commission, the money, property or labor to be procured or paid for through the issue of said note is reasonably required by said Melvin H. Bunting.

(3) That applicants shall comply with the provisions of General Order No. 79 and Part 19 of General Order No. 98 by filing in triplicate and concurrently making effective appropriate tariffs and time tables within sixty (60) days from the effective date hereof on not less than one (1) day's notice to the Commission and the public.

(4) That the authority herein granted will become effective when applicants, or either of them, have paid the minimum fee prescribed by Section 1904 of the Public Utilities Code, which fee is \$26.00.

Dated at San Francisco, California, this 21st day of December, 1951.

O. J. [Signature]
 President

Justus J. [Signature]

Harold A. [Signature]

Conrad W. [Signature]

John E. [Signature]
 Commissioners

