

ORIGINAL

Decision No. 48216

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of)
DAVID C. HALL to sell and JAMES G. PUTMAN)
to purchase an automotive freight line)
operated between Marysville and La Porto,)
California.)

Application No. 33948

O P I N I O N

The above-entitled matter is a joint application in which David C. Hall and James G. Putman request the Commission to authorize the former to sell and the latter to buy certain equipment and operative rights authorizing the transportation of property between Marysville and La Porto. The rights which included authority to transport passengers and property were created by Decision No. 29339 dated December 7, 1936, in Application No. 20875 and were transferred to applicant by Decision No. 31659, dated January 16, 1939, in Application No. 22418. The rights here proposed to be sold are those involving the transportation of property the passenger stage operative rights having been transferred by Decision No. 47270, dated June 17, 1952, in Application No. 33251.

The proposed sale and transfer would be made in accordance with a conditional sales contract by the applicants, which specifies a consideration of ten thousand dollars. One thousand dollars is the agreed value of two pieces of equipment and nine thousand dollars is the agreed value of the operative rights herein considered. The contract provides that title shall remain with the seller until the agreed consideration has been paid in full. Upon the payment of one thousand dollars the balance is to be paid in monthly installments of at least \$150 at the rate of 4% per annum.

According to the application the net income from said operations for the past three years amounted to \$8,185.73. The

application also indicates that the purchaser has a net worth of \$10,746.91.

The Commission is of the opinion that the transfer of the operative rights and properties, as here proposed, will not be adverse to the public interest and that the execution of the conditional sales contract is reasonably required to complete the transaction.

It is clear, however, that the agreed purchase price is substantially in excess of the value of the tangible properties and applicant James G. Putman hereby is placed upon notice that the Commission will not recognize the purchase price as a basis for an order fixing rates, in the event it is called upon to do so in the future. Applicant is further 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 respects limited as to the number of rights which may be given.

A public hearing does not appear to be necessary.

O R D E R

The Commission having considered the above-entitled matter, and being of the opinion that the application should be granted, as herein provided;

IT IS ORDERED:

(1) That, after the effective date hereof and on or before

April 1, 1953, David C. Hall may sell and transfer to James G. Putman and the latter may purchase the property and operative rights hereinabove referred to, such sale and transfer to be made in accordance with the terms of the conditional sales contract filed in this proceeding, which contract applicants may enter into and execute.

(2) That within (30) days after the consummation of the transfer herein authorized, James G. Putman shall notify the Commission in writing of that fact.

(3) That on not less than five (5) days' notice to the Commission and to the public, applicant shall file in triplicate and concurrently make effective appropriate tariffs and timetables.

(4) That this order will become effective when applicants have paid the minimum fee prescribed by Section 1904 (b) of the Public Utilities Code, which fee is \$25.00.

Dated at San Francisco, Cal., California, this 27th day of January, 1953.

[Signature]
PRESIDENT
James F. Casner
Harold H. Hulse
[Signature]
[Signature]
COMMISSIONERS

