

ORIGINAL

Decision No. 49193

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of)
 John C. Alward, doing business as Redding)
 City Lines, to sell, and R. D. Chandler)
 and Florence Duggan, co-partners doing)
 business as Redding City Lines, to pur-)
 chase a passenger stage corporation)
 operated between Redding, California, on)
 the one hand and Oak Grove, Girvan, Enter-)
 prise and Benton Tract, on the other hand.)
 -----)
 Application)
 No. 34762)

O P I N I O N

This is an application for an order of the Commission authorizing John C. Alward to sell and transfer the Redding City Lines to R. D. Chandler and Florence Duggan.

John C. Alward, doing business as Redding City Lines, is engaged in operating passenger bus lines between Redding and Oak Grove, Girvan, Benton Tract and Enterprise under certificates of public convenience and necessity obtained by him under authorization granted by the Commission by Decision No. 40487, dated June 28, 1947, in Application No. 28541, Decision No. 41091, dated January 6, 1948, in Application No. 28934, and Decision No. 45957, dated July 17, 1951, in Application No. 32211. Applicant Alward has reported revenues from operations as follows:

	<u>1951</u>	<u>1952</u>	<u>1953</u> <u>to Aug. 6</u>
Operating revenues	\$22,887	\$21,080	\$11,955
Net income, before income taxes	3,693	2,835	2,260

The application shows that John C. Alward desires to retire from the operations of the line in order to devote his time

to other business activities and that he has made arrangements to sell and transfer his operative rights and three 29-passenger buses to R. D. Chandler and Florence Duggan for the sum of \$5,500. The agreement of sale, dated August 6, 1953, provides for a down payment of \$1,000 and for the payment of the remaining \$4,500 in monthly installments of not less than \$75 with interest at the rate of 6% per annum, said sum to be represented by a promissory note. The agreement further provides for the transfer to be effective August 7, 1953, with the transferees operating the line from that date as agents for the transferor pending approval of the transaction by the Commission.

The verified application shows that R. D. Chandler and Florence Duggan are experienced in the operation of passenger bus lines, that they are in a position to finance the acquisition and operation of the Redding City Lines and that they propose to continue the operations with no changes in rates.

Upon reviewing this matter we are of the opinion that the proposed transfer will not be adverse to the public interest. Applicants are 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 as to the number of rights which may be given.

The action taken herein shall not be construed to be a finding of the value of the rights and properties herein authorized to be transferred.

O R D E R

The Commission having considered the above entitled matter and being of the opinion that a public hearing is not necessary, that the application should be granted, as herein provided, that the money, property or labor to be procured or paid for by the issue of the note herein authorized is reasonably required by applicants Chandler and Duggan for the purpose specified herein, and that such 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 C. Alward may sell and transfer to R. D. Chandler and Florence Duggan, on or before December 31, 1953, the operative rights and properties referred to in the preceding opinion, such sale and transfer to be made substantially upon the terms and conditions of the agreement of sale filed in this proceeding as Exhibit A. R. D. Chandler and Florence Duggan may issue in part payment of said rights and properties their promissory note in the principal amount of not exceeding \$4,500.
2. Within 60 days after the effective date hereof and on not less than five days' notice to the Commission and to the public, R. D. Chandler and Florence Duggan shall establish the service herein authorized and file, in triplicate, and concurrently make effective, appropriate tariffs and time tables.
3. In the event the authority herein granted is exercised, R. D. Chandler and Florence Duggan shall notify the Commission in writing of that fact within 30 days after date of transfer.

4. R. D. Chandler and Florence Duggan shall file with the Commission monthly reports as required by General Order No. 24-A, which order, insofar as applicable, is made a part of this order.

5. The authority herein granted will become effective when R. D. Chandler and Florence Duggan have paid the minimum fee prescribed by Section 1904(b) of the Public Utilities Code, which fee is \$25.00.

Dated at San Francisco, California, this 13th day of October, 1953.

A. Z. ...

President

Justus J. ...

Samuel H. ...

John E. ...

Commissioners

