

conditional sales contract, would require him to continue service to the public.

Holbrook Transit Company is the fictitious name under which Charles B. Holbrook has been and is engaged in operating passenger lines in and about East Los Angeles, Huntington Park, Bell Gardens, Downey, Bellflower and other places under operative rights represented by certificates of public convenience and necessity acquired under authorization granted by the Commission by Decisions Nos. 27047, 27941, 29173, 29241, 30234, 32674, 35318, 37632, 38741, 40886 and 44208.

The two applications show both applicants have encountered financial difficulties. It is reported that due to a decrease in patronage and increased operating costs, John W. Chapman has been prevented from maintaining payments as required by the conditional sales contract and has become indebted to various creditors, including the state and federal taxing agencies, in the aggregate amount of \$33,508.79 as of November 30, 1953. It appears Guy H. Benton has been contemplating repossessing the business but has refrained from doing so on account of ill health. As to Holbrook Transit Company, the records show that Charles B. Holbrook has been unable to participate in the operation of the business, that he has incurred liabilities in the amount of \$72,541.89 as of November 30, 1953, and that demands are being made by state and federal governments for the payment of past-due taxes.

In order to extricate themselves from their adverse financial situations the present owners have made arrangements to transfer the businesses and properties to Dean Carson. Under the agreed arrangements, the Benton Bus Lines rights and properties will be transferred to Dean Carson, the conditional sales contract between John W. Chapman and Guy H. Benton will be terminated and Dean Carson

will assume the outstanding liabilities and will pay to Guy H. Benton in full payment of any and all amounts due him the sum of \$20,000, of which \$5,000 will constitute a cash payment and \$15,000 will be represented by a promissory note, payable in monthly installments of \$300 with interest at the rate of 5% per annum. The arrangements provide for the transfer of the Holbrook Transit Company to Dean Carson in consideration for the assumption by Dean Carson of the outstanding liabilities.

The verified applications show Dean Carson has had considerable experience in the operation of passenger bus companies and his financial statements filed in these proceedings indicate his net worth at approximately \$225,000. From an investigation by the Commission's staff and our review of these matters it appears to us that the transfers as proposed are necessary in order for service to be maintained and in our opinion such transfers, accordingly, will not be adverse to the public interest. In making an order in these matters we wish to place applicants 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 matters and being of the opinion that public hearings are not necessary, that the applications 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 Dean Carson 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. Guy H. Benton and/or John W. Chapman may transfer to Dean Carson the passenger stage operative rights and properties used in the operation of the Benton Bus Lines and referred to in the preceding opinion. John W. Chapman and Guy H. Benton may terminate the conditional sales contract heretofore approved by the Commission by Decision No. 46620, dated January 8, 1952.

2. Charles B. Holbrook may transfer to Dean Carson the passenger stage operative rights and properties used in the operation of the Holbrook Transit Company and referred in in the preceding opinion.

3. The transfers of the rights and properties of Benton Bus Lines and Holbrook Transit Company shall be made in accordance with the terms set forth in these applications. Dean Carson may issue to Guy H. Benton in part payment his promissory note in the principal amount of not exceeding \$15,000, payable in monthly installments of \$300 with interest at the rate of 5% per annum.

4. Upon acquiring the Benton Bus Lines and the Holbrook Transit Company, Dean Carson may consolidate and merge the operative rights under which said lines have been operated.

5. Within 60 days after the effective date hereof and on not less than five days' notice to the Commission and to the public, applicants shall supplement or reissue the tariffs and time tables on file with the Commission naming rates, rules, regulations and schedules governing the common carrier operations here involved to show that Guy H. Benton and/or John W. Chapman and Charles B. Holbrook have withdrawn or canceled and Dean Carson has adopted or established as his own said rates, rules, regulations and schedules.

6. Dean Carson shall file with the Commission a report, or reports, as required by General Order No. 24-A, which order, insofar as applicable, is made a part of this order.

7. The authority herein granted to execute a note will become effective when Dean Carson has paid the minimum fee prescribed by Section 1904(b) of the Public Utilities Code, which fee is \$25.00. In other respects, the authority herein granted will become effective 20 days after the date hereof. If not executed, the authority herein granted will expire on June 30, 1954.

Dated at San Francisco, California, this 5th day of January, 1954.

R. F. [Signature]
President

[Signature]

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Commissioners

