

**ORIGINAL**

Decision No. 49535

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of	)	
LAKE-SACRAMENTO TRANSPORTATION CO., INC.,	:	
to Sell and INTER-LINES MOTOR EXPRESS to	)	
Purchase a Freight Line Operated between	:	Application
Sacramento and points in Lake County,	)	No. 34962
California; and to issue a \$1500.00 note.	:	
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O P I N I O N

This is an application for an order of the Commission authorizing Lake-Sacramento Transportation Company, Inc. to sell and transfer its operative rights to Interlines Motor Express, a corporation, for an agreed consideration of \$1,500, payable by the issue by the purchaser of an unsecured demand note for the entire amount.<sup>1/</sup>

Both applicants are California corporations engaged in business as highway common carriers of property, Lake-Sacramento operating between Sacramento and various points in Lake County and Interlines, in general, between San Francisco and Oakland and Napa, Sacramento and Redding. Both are under the same management and both are controlled through stock ownership by M. A. Gilardy. According to the present application, Lake-Sacramento has been incurring losses from operations and the management has concluded economies can be effected and service improved by the consolidation of the ownership of the two applicants into one corporation.

Information filed with the Commission shows Lake-Sacramento has been using one unit of equipment and during 1952 had revenues of

<sup>1/</sup> In this decision Lake-Sacramento Transportation Company, Inc. will be referred to as Lake-Sacramento and Interlines Motor Express as Interlines.

only \$1,158 and a net loss of \$106. The operations conducted by Interlines, on the other hand, produced revenues of \$554,929 in 1952 and net profit of \$9,916, with 44 units of equipment being reported on hand at the close of the year.

A review of the application shows Interlines does not intend to change the present rates and charges of Lake-Sacramento but will improve service by more frequent movements over the route of that company. In our opinion, therefore, the proposed transfer will not be adverse to the public interest and should be authorized.<sup>2/</sup> In making our order 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 matter, and being of the opinion that a public hearing is not necessary and

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<sup>2/</sup>

The \$1,500 unsecured note to be issued by Interlines in consideration for the transfer is payable within 12 months after its date and hence may be issued without authorization by the Commission.

that the application should be granted, as herein provided; therefore,

IT IS HEREBY ORDERED as follows:

1. Lake-Sacramento Transportation Company, Inc. may transfer to Interlines Motor Express its properties including the operative rights represented by the certificate of public convenience and necessity acquired by it under authorization granted by Decision No. 40107, dated April 1, 1947.

2. Within 60 days after the effective date hereof and on not less than five days' notice to the Commission and to the public, Interlines Motor Express shall file, in triplicate, and concurrently make effective, appropriate tariffs and time tables.

3. The authority herein granted will become effective 20 days after the date hereof.

Dated at San Francisco, California, this 12<sup>th</sup> day of January, 1954.

R. F. Zimmerman  
President

JUSTUS J. O'CONNOR

Wesley H. Patten

W. E. Mitchell

Wesley H. Patten  
Commissioners