

ORIGINAL

Decision No. 51486

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of)
 A. L. Willingham D.B.A. El Cajon)
 Valley Line to Sell and)
 Herman Neumann to Buy the)
 operating rights and equipment of)
 the El Cajon Valley Line Per.)
 Article 6, Sec. 851 of Public)
 Utilities Commission Code.)
 -----)

Application
No. 36926 /

O P I N I O N

This is an application for an order authorizing A. L. Willingham, doing business as El Cajon Valley Line, to transfer operative rights and equipment to Herman Neumann.

The properties to be transferred include rights acquired by applicant Willingham pursuant to Decision No. 48205, dated January 27, 1953, as amended by Decision No. 50997, dated January 18, 1955, and Decision No. 51129, dated February 23, 1955, for the operation of passenger coaches in the general area of El Cajon, Bostonia, Lakeside, Winter Gardens, Santee, Sunnyslope, Suncrest and San Diego, and six buses, together with incidental items such as coin changers and collectors, miscellaneous bus parts and tires. Applicant Willingham desires to dispose of the operations because his other activities do not permit him to give the proper attention to the common carrier business.

The agreed purchase price to be paid by applicant Neumann is the sum of \$24,000, of which \$1,000 is payable in cash, \$2,759.23 will be paid through the assumption by said Neumann of outstanding indebtedness of applicant Willingham, and the balance of \$20,240.77

will be represented by a note and chattel mortgage payable in monthly installments of \$400 or more, including interest at the rate of 6% per annum on deferred balances, except for an additional \$1,000 to be due and payable on or before June 1, 1955.

The application shows that the purchaser for some time has been engaged in the service station and equipment rental business. His financial statement filed in the proceeding indicates that he has a net worth in excess of \$16,600 and that during 1954 his gross revenues aggregated \$136,316, with a net profit of \$7,431.

From a review of the application it appears that the purchaser is in a position to take over and operate the El Cajon Valley Line and it is our opinion, and we so find, that the transfer as proposed will not be adverse to the public interest.

In making this order we wish to place the purchaser on notice that he will be required to keep his records in accordance with the uniform system of accounts prescribed by the Commission and to file annual reports of his operations. He is further placed on 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 and the assumption of indebtedness herein authorized is reasonably required by applicant Neumann 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. A. L. Willingham may transfer to Herman Neumann on or before September 30, 1955, the operative rights and equipment pertaining to the El Cajon Valley Line under the terms and conditions set forth in this application.
2. Herman Neumann, in part payment for said operative rights and equipment, may execute a chattel mortgage and issue a note in the principal amount of not exceeding \$20,240.77, and may assume the payment of outstanding indebtedness of not exceeding \$2,759.23.
3. 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 A. L. Willingham has withdrawn or canceled and Herman Neumann has adopted or established, as his own, said rates, rules, regulations and schedules.

4. Herman Neumann 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 Herman Neumann has paid the minimum fee prescribed by Section 1904(b) of the Public Utilities Code, which fee is \$25.

Dated at San Francisco, California, this 24th day of May, 1955.

[Signature]
President
[Signature]
[Signature]
[Signature]

Commissioners

