

Decision No. 53154**ORIGINAL**

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of )	
SAVAGE TRANSPORTATION CO., INC., a )	
corporation, to sell and transfer, )	Application No. 37038
and TRANSCON LINES, a corporation, )	
to buy, operative rights. )	

O P I N I O N

Savage Transportation Co., Inc., (hereinafter called Savage) requests authority to sell and transfer and Transcon Lines (hereinafter referred to as Transcon) requests authority to purchase and acquire, operative rights between the San Francisco Territory, on the one hand, and the Los Angeles Territory and the Los Angeles Basin Territory, on the other hand.

Savage is presently engaged in the transportation of property in interstate commerce as well as intrastate commerce. Transcon, a California Corporation, holds no authority at the present time as a highway common carrier in the State of California, but does conduct a substantial certificated operation in interstate commerce.

According to the sales agreement dated November 8, 1954, a copy of which is attached to the application, the consideration involved is \$175,000. This represents a value of \$100 for the intrastate rights and the balance for the interstate rights and business good will.

The agreement is conditioned on the approval of the Interstate Commerce Commission and of this Commission. The Interstate Commerce Commission recently authorized the transfer of the interstate rights. The purchase price will be paid in full as soon as the transfer herein considered has been approved.

According to exhibits attached to the application, Transcon indicated assets amounting to \$2,100,039.51 as of December 31, 1954. For the year ending December 31, 1954, it showed a net profit after income taxes of \$222,404.12.

It is requested that Transcon be substituted in lieu of Savage in all present joint rates maintained by Savage. Such substitution will be authorized.

After consideration the Commission is of the opinion and so finds that the proposed transfer would not be adverse to the public interest. The application will therefore be granted. A public hearing does not appear to be necessary.

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

Transcon is hereby 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.

ORDER

Application having been filed and the Commission having been informed in the premises,

IT IS ORDERED:

(1) That on or before August 1, 1956, Savage Transportation Co., Inc., is hereby authorized to sell and transfer and Transcon

Lines is hereby authorized to purchase and acquire the operative rights granted by Decision No. 43003 dated June 14, 1949, in Application No. 23877 as amended by Decisions Nos. 45137 and 47272; and Decision No. 51286 dated April 5, 1955, in Application No. 34537.

(2) That, within thirty days after the consummation of the transfer herein authorized, Transcon Lines shall notify the Commission, in writing, of that fact and within said period shall file with the Commission a true copy of any bill of sale or other instrument of transfer which may be executed to effect said transfer.

(3) That in the place and stead of Savage Transportation Co., Inc., Transcon Lines is substituted as the party to all joint rates presently maintained by Savage Transportation Co., Inc., and on file with the Commission.

(4) That, on not less than five days' notice to the Commission and to the public, applicants shall, effective concurrently with the consummation of such transfer, amend or reissue the tariffs on file with the Commission naming rates, rules and regulations governing the common carrier operations here involved, including joint rate arrangements, to show that Savage Transportation Co., Inc., has withdrawn or canceled and Transcon Lines has adopted or established as its own said rates, rules and regulations. The tariff filings made pursuant to this order shall comply in all respects with the regulations governing the construction and filing of tariffs set forth in the Commission's General Order No. 80.

The effective date of this order shall be twenty days after the date hereof.

Dated at San Francisco, California, this  
28<sup>th</sup> day of May, 1956.

James D. Cassin President  
Charles J. [unclear]  
[unclear]  
[unclear]  
Commissioners