

ORIGINAL

Decision No. 55191

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of WILLIAM A. JACKSON, doing business as a passenger stage line, for Authority to Sell a stage line and the Application of ALBERT LIPPS, doing business as Douglas Bus Line, to Buy a stage line.

Application No. 39136

O P I N I O N

In this application, William A. Jackson seeks authorization to sell passenger stage operative rights, business and goodwill to Albert Lipps.

William A. Jackson is engaged in operating a passenger line for the transportation of employees of Douglas Aircraft Company only between the aircraft company plant, which is located on Lakewood Boulevard near Carson Street in the City of Long Beach, on the one hand, and points and places in and about Garden Grove, on the other, under a certificate of public convenience and necessity granted by the Commission by Decision No. 51959, dated September 13, 1955. It appears that the territory served by him comprises a relatively small area which is completely surrounded by the area served by Albert Lipps, who also has been certificated by Decision No. 52423, dated December 28, 1955, to transport

employees of the Douglas Aircraft Company between the plant and points in Orange and Los Angeles Counties.<sup>1/</sup>

Applicant Jackson now desires to dispose of his operations and has made arrangements to sell his operative rights, business and goodwill to Albert Lipps for the sum of \$3,000, of which \$100 is said to represent the purchase price of the operative rights. The agreement of sale provides for a cash payment of \$1,650 with the balance of \$1,350 to be represented by a promissory note payable in monthly installments of \$50, including interest at the rate of 6 per cent per annum.

The application shows that Albert Lipps proposes to charge the same fare as at present, that is, \$3.50 a week, and that he will run the same number of schedules, that is, one schedule each direction for each of three shifts. He will utilize his own equipment and from a review of the application and the financial statements, it clearly appears that he is in a position to finance and maintain the proposed operations. We are of the opinion, therefore, and so find, that the transfer will not be adverse to the public interest and that the issue of the note in part payment is reasonably required to carry out the terms and conditions of the transaction and that an ex parte order should be entered granting the application.

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<sup>1/</sup>

In 1956, applicant Jackson reported he transported approximately 15,000 passengers and received gross revenues of \$7,933, with net income of \$1,921. Applicant Lipps reported he transported approximately 66,000 passengers and received gross revenues of \$40,538 and net income of \$10,760, before income taxes.

Our order shall not be construed to be a finding of the cost or value of the operative rights nor as authorization to capitalize them in excess of the amount allowed by law. Applicants are 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.

O R D E R

The Commission has considered the above-entitled matter and being of the opinion that a public hearing is not necessary; therefore,

IT IS HEREBY ORDERED as follows:

1. William A. Jackson may transfer his passenger stage operative rights, business and assets on or before December 31, 1957, to Albert Lipps under and pursuant to the terms and conditions set forth in this application.

2. Albert Lipps, in part payment for such operative rights, business and goodwill, may issue a note in the principal amount of \$1,350.

3. On not less than five days' notice to the Commission and to the public, effective concurrently with the consummation of such transfer, applicants shall supplement or reissue the tariffs and timetables on file with the Commission naming rates, rules, regulations and schedules governing the common carrier operations here involved to show that William A. Jackson has withdrawn or cancelled and Albert Lipps has adopted or established as his own, said rates, rules, regulations and schedules.

4. Albert Lipps 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.

5. The authority herein granted will become effective when Albert Lipps 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 2nd day of JULY, 1957.

W. E. Jackson  
President  
Paul J. ...  
...  
...  
E. Lipps

Commissioners  
PUBLIC UTILITIES COMMISSION  
STATE OF CALIFORNIA  
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