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ORIGINAL

Decision No. _____

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of
S. A. GILLIARD for authority to sell
and transfer operative rights and
properties to HOLLOW ROD OF CALIFORNIA,
a corporation.

}
} Application No. 41099
}

O P I N I O N

S. A. Gilliard requests authority to sell and transfer, and Hollow Rod of California, a corporation, requests authority to purchase and acquire, operative rights as a petroleum irregular route carrier as well as certain revenue equipment. S. A. Gilliard is secretary and a stockholder of Hollow Rod of California..

According to the terms of the agreement, a copy of which is attached to the application, the property will be sold for a consideration of \$20,000 secured by a promissory note to be paid as follows: \$5,000 on February 1, 1960, \$5,000 on February 1, 1961, and \$10,000 on February 1, 1962, with interest at the rate of 5 per cent per annum.

The record indicates that as of January 31, 1959, S. A. Gilliard, doing business as Gilliard Petroleum Service, had a net worth of \$19,261.48. The record also indicates that Hollow Rod of California realized a net profit of \$8,207.89 for the four months' period ended January 31, 1959.

After consideration the Commission is of the opinion that the proposed sale would not be adverse to the public interest. The Commission further finds that the money or labor to be procured or paid for by the issue of the stock and indebtedness herein authorized

is reasonably required for the purposes specified herein, and that such purposes are not, in whole or in part, reasonably chargeable to operating expenses or to income. A public hearing is not necessary.

Applicant Hollow Rod of California 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, such rights extend to the holder a full or partial monopoly of a class of business over a particular route. This monopoly feature may be modified or canceled 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

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

IT IS ORDERED:

1. That on or before November 1, 1959, S. A. Gilliard, doing business as Gilliard Petroleum Service, is hereby authorized to transfer and sell, and Hollow Rod of California is hereby authorized to purchase and acquire, the operative rights granted by Decision No. 56942, as well as the revenue equipment referred to, according to the terms of the agreement attached to the application herein.

2. That, within thirty days after the consummation of the transfer herein authorized, Hollow Rod of California 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, 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 S. A. Gilliard has withdrawn or canceled, and Hollow Rod of California has adopted or established as its own, said rates, rules, and regulations. The tariff filing 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.

4. That Hollow Rod of California may issue a promissory note in the amount of \$20,000.

The authority herein granted to issue a note will become effective when applicant has paid the fee prescribed by Section 1904(b) of the Public Utilities Code, which fee is \$25. In other respects the effective date of this order shall be twenty days after the date hereof.

Dated at San Francisco, California, this 16th day of June, 1959.

E. L. Fox
President
W. E. ...
...

Commissioners

