

**ORIGINAL**

Decision No. ~~59671~~

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of LEONARD H. GUEST )  
and RUSSELL T. SMITH for an order )  
authorizing the transfer of oper- )  
ating rights and properties as a )  
passenger stage corporation in )  
the immediate vicinity of Salinas, )  
State of California, to CECIL )  
ARNOLD. )

Application No. 41796

O P I N I O N

Leonard H. Guest and Russell T. Smith request authority to sell and Cecil Arnold requests authority to purchase certain passenger stage operative rights and equipment.

The operative rights to be transferred authorize the transportation of passengers within the City of Salinas and between Salinas and East Salinas and intermediate points. Also between Salinas and Spreckels Mill and intermediate points, which service is operated only seasonally between August 1 and November 1. In addition to the operative rights, the sale includes the transfer of all inventory and equipment, including three buses.

The agreed purchase price is \$10,000 to be paid as follows: cash in the amount of \$6,300, \$5,000 of which will be obtained by buyer by a bank loan, and the balance of \$3,700 will be covered by a promissory note executed by buyer to seller.

Applicant purchaser indicates a total net worth of \$12,862. The operation showed a net income of \$8,673.69 for the first nine months of 1959.

It is alleged that applicant purchaser has been an employee of applicant seller for over two years and is fully familiar with

the operation. It is further alleged that the proposed transfer has the approval of the City of Salinas.

After consideration, the Commission is of the opinion and so finds that the proposed transfer would not be adverse to the public interest. The Commission further finds that the money, property or labor to be procured or paid for by the issue of the notes herein authorized is reasonably required for the purpose specified herein, and that such purpose is not, in whole or in part, reasonably chargeable to operating expenses or to income.

Cecil Arnold 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 aspects, 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.

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

O R D E R

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

IT IS ORDERED:

1. That after the effective date hereof and on or before May 15, 1960, Leonard H. Guest and Russell T. Smith may sell and transfer and Cecil Arnold may purchase and acquire the operative rights acquired in Decisions Nos. 51601, 51942 and 53457 as well as

the property described in Exhibit A attached to the application.

2. That after the effective date hereof and on or before May 1, 1960, Cecil Arnold may issue promissory notes in the amounts of \$5,000 and \$3,700 for the purpose specified in the application.

3. That, within thirty days after the consummation of the transfer herein authorized, the purchaser shall notify the Commission, in writing, of the 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.

4. That on not less than five days' notice to the Commission and to the public, effective concurrently with the consummation of such transfer, applicants shall amend or reissue the tariffs and timetables on file with the Commission, naming rates, rules and regulations governing the common carrier operations here involved, to show that Leonard H. Guest and Russell T. Smith have withdrawn or canceled and Cecil Arnold has adopted or established as his own said rates, rules and regulations. The tariff filings made pursuant to this order shall comply with the regulations governing the construction and filing of tariffs as set forth in the Commission's General Order No. 79.

5. That, in providing service pursuant to the certificate herein authorized to be transferred, Cecil Arnold shall comply with and observe the following service regulations:

- a. Within thirty days after the effective date hereof, Cecil Arnold shall file a written acceptance of the certificate herein granted. By accepting the certificate of public convenience and necessity herein granted, Cecil Arnold is placed on notice that he will be required, among other things, to file annual reports of his operations and to comply with and observe the safety rules and other regulations of the Commission's General Order No. 98. Failure to file such reports, in such form and at such time as the Commission may direct, or to comply with and observe the

provisions of General Order No. 98, may result in a cancellation of the operating authority granted by this decision.

- b. Within sixty days after the effective date hereof, and on not less than ten days' notice to the Commission and to the public, Cecil Arnold shall establish the service herein authorized and file in triplicate, and concurrently make effective, tariffs satisfactory to the Commission.

The authority herein granted including that 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 16<sup>th</sup> day of FEBRUARY, 1960.

[Signature]  
President

[Signature]

[Signature]

[Signature]

[Signature]  
Commissioners

