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Decision No. 16339

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Joint Application of)
INTER-URBAN EXPRESS CORPORATION,)
a corporation, DRAYAGE SERVICE CORPORA-)
TION, a corporation, and R. E. RASMUSSEN)
and J. C. SVANE, doing business under the)
name and style of Santa Fe Express &)
Drayage Co., for permission for the trans-)
fer to Inter-Urban Express Corporation by)
Drayage Service Corporation and Santa Fe)
Express & Drayage Co. of operative rights)
and property in return for stock of Inter-)
Urban Express Corporation, and for per-)
mission for Inter-Urban Express Corpora-)
tion to operate between points.)

Application No. 12677

J. W. O'Neill and Louis B. De Avila,
for applicants.

BY THE COMMISSION:

OPINION

ORIGINAL

In this proceeding the Railroad Commission is asked to
make an order:

1. Authorizing Drayage Service Corporation, a corporation,
and R. E. Rasmussen and J. C. Svane, doing business
under the firm name and style of Santa Fe Express &
Drayage Co., to transfer their operative rights and
certain other properties described in applicants'

Exhibit "A" and Exhibit "B" to Inter-Urban Express Corporation, a corporation, and

2. Releasing from the jurisdiction of the Railroad Commission all operating properties belonging to the Drayage Service Corporation and Santa Fe Express & Drayage Co. after the sale of the properties described herein to the Inter-Urban Express Corporation, and
3. Authorizing Inter-Urban Express Corporation to issue \$84,400. of stock in payment for the properties described in Exhibit "A" and Exhibit "B".

The operating right under which applicant Drayage Service Corporation is now operating, and which it is herein proposed to transfer, was established by Austin Freight and Transportation Company by reason of operation prior to May 1, 1917, and the proper filing of tariffs as required by the Railroad Commission's General Order No. 47. Drayage Service Corporation acquired the right by purchase, the Commission approving the transfer in its Decision No. 8533, dated January 11, 1921, and issued on Application No. 6472.

The operating right authorizing R. H. Rasmussen and J. C. Svane, co-partners, to give service between San Francisco and Oakland, Berkeley, Alameda, Piedmont and Emeryville, (the same points served by Drayage Service Corporation), and which they propose to transfer was granted by the Railroad Commission to the partners in its Decision No. 13091, dated January 28, 1924, and issued on Application No. 9360.

Originally, one C. D. Rasmussen, operating under the fictitious name of Santa Fe Express and Drayage Company, gave

service between the points named under tariffs indicating that the service had been established by him prior to May 1, 1917. He also claimed ownership of a right to operate between Oakland and San Jose and intermediate points. The ownership of all of these rights, as well as a right between San Francisco and Martinez, was called into question by proceedings instituted by the Commission on its own motion, said proceedings being designated as Case No. 1880. In Decision No. 12140, dated May 25, 1923, issued as a result of its investigation, the Commission found that there had been gross misrepresentation by C. D. Rasmussen as to the ownership of the various operating rights involved as well as many violations of the law in the conduct of the business of the Santa Fe Express & Drayage Co., and ordered that all service by the company be discontinued.

The Commission further ordered that its previous decisions in matters affecting the ownership of the operating rights claimed by C. D. Rasmussen, R. E. Rasmussen, J. C. Svane and Fred Ludekins, be revoked and annulled, in effect wiping out all operating rights involved in the claims of C. D. Rasmussen. R. E. Rasmussen and J. C. Svane, co-partners, then applied for a new certificate authorizing service as a common carrier of freight between San Francisco, Oakland, Alameda, Berkeley, Piedmont and Emeryville, and such a certificate, was issued by the Commission as shown by Decision No. 13091. This decision further authorized the partners to discontinue service between Oakland and San Jose, which they had been conducting under temporary authority issued by the Commission following revocation

of the original rights claimed by C. D. Rasmussen. The same decision (No. 13091), authorized R. H. Rasmussen and J. C. Svane and Fred Ludekins to operate between San Francisco and Martinez, and also gave to Rasmussen & Svane authority to transfer to Ludekins their interest in this right. The instant application, then, involves only a right to operate between San Francisco, Oakland, Alameda, Berkeley, Piedmont and Emeryville, which right was granted in Decision No. 13091.

It is proposed to transfer the operative rights of both the Drayage Service Corporation and the Santa Fe Express & Drayage Co. to the Inter-Urban Express Corporation. It is believed that such transfer is in the public interest and that the public will be benefited thereby through the fact that the consolidated company can render a better service than that given by the two present owners of the operative rights and that a substantial saving in operating expenses will be effected through the elimination of duplication in parallel routes as well as terminals and number of employees. There is no request to enlarge any operative rights. The request is to transfer the operative rights now owned by Drayage Service Corporation and Santa Fe Express & Drayage Co. to Inter-Urban Express Corporation.

Exhibit "A" contains a list of the equipment and properties together with their alleged value which the Drayage

Service Corporation intends to transfer to the Inter-Urban Express Corporation in exchange for \$41,100. of stock. Exhibit "B" contains a list of the equipment and other properties and their alleged value which the Santa Fe Express & Drayage Co. asks permission to transfer to the Inter-Urban Express Corporation in exchange for \$43,300. of stock. The stock which the Inter-Urban Express Corporation asks permission to issue is equal in par value to the reported value of the properties which the Drayage Service Corporation and Santa Fe Express & Drayage Co. ask permission to transfer to the corporation in exchange for stock. No value has been assigned to the operative rights.

We are of the opinion that the possible improvement of service and economies of operation warrant the transfer of the operative rights and properties. A public hearing is not necessary on that portion of the application involving the transfer of the operative rights. The order herein will authorize the transfer of the operative rights involved and the properties described in Exhibits "A" and "B" and the issue of five shares of stock by Inter-Urban Express Corporation to qualify as directors. The issue of additional stock in payment for the properties described in Exhibits "A" and "B" will be considered in a supplemental order, after a hearing has been had and applicants given an opportunity to submit competent evidence in support of the alleged value of the properties described in said Exhibits "A" and "B".

O R D E R

Drayage Service Corporation, a corporation, and R. E. Rasmussen and J. C. Svane, doing business under the firm name and

style of Santa Fe Express & Drayage Co., having applied to the Railroad Commission for permission to transfer their operative rights and certain other properties to the Inter-Urban Express Corporation and said Inter-Urban Express Corporation having asked permission to acquire said rights and properties and to issue stock in payment therefore and the Commission having considered the request of applicants and being of the opinion that the transfer of the operative rights and properties and the issue by the Inter-Urban Express Corporation of sufficient stock to qualify its directors are matters on which a public hearing is not necessary and that this application should at this time be granted as provided in this order and a hearing had on the request to issue stock in payment for said properties,

IT IS HEREBY ORDERED that the Drayage Service Corporation and R. H. Rasmussen and J. C. Svane, doing business under the firm name and style of Santa Fe Express & Drayage Co. be, and they are hereby, authorized to transfer to the Inter-Urban Express Corporation, a corporation, their operative rights referred to in the foregoing opinion and the properties described in applicants' Exhibits "A" and "B".

IT IS HEREBY FURTHER ORDERED that the Inter-Urban Express Corporation be, and it is hereby, authorized to issue and sell to its directors at par for cash \$500. par value (five shares) of its common stock and use the proceeds obtained from the sale of such stock for working capital.

The authority herein granted is subject to the following conditions:

1. Drayage Service Corporation and R. H. Rasmussen and J. C. Svane, doing business under the firm name and style of Santa Fe Express & Drayage Co., shall cancel immediately all time schedules, tariffs, rates and classifications now on file with the Railroad Commission and Inter-Urban Express Corporation shall file new time schedules, tariffs, rates and classifications identical with those heretofore filed by said Drayage Service Corporation and said R. H. Rasmussen and J. C. Svane, or Santa Fe Express & Drayage Co., such cancellation and filing to be in accordance with the provisions of General Order No. 51 and other regulations of this Commission.
2. Inter-Urban Express Corporation shall not hereafter transfer, assign, lease, sell, hypothecate or discontinue the rights and privileges it is herein authorized to acquire unless it first receives the consent of the Railroad Commission.
3. No vehicles may be operated by the Inter-Urban Express Corporation unless such vehicles are owned by said corporation or are leased by it on a basis satisfactory to this Commission.
4. Inter-Urban Express Corporation shall file a report with the Railroad Commission as required by the

Commission's General Order No. 24, which order insofar as applicable is made a part of this order.

5. The authority herein granted shall become effective upon the date hereof.

IT IS HEREBY FURTHER ORDERED that concurrently with the effective date of the rates filed by Inter-Urban Express Corporation and the execution of the bills of sale filed as applicants' Exhibit "C" and Exhibit "D", Drayage Service Corporation and R. H. Rasmussen and J. C. Svane, doing business under the name and style of Santa Fe Express & Drayage Co., will be relieved from filing annual or other reports with the Railroad Commission and may discontinue the operation of trucks and other equipment for the transportation of freight and merchandise under the jurisdiction of the Railroad Commission.

DATED at San Francisco, California, this 30th day of March, 1926.

C. C. Seamy
Emm. DeLoe
Leon C. Whittell

Commissioners.