

LEM

Decision No. 22396.

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of
SACRAMENTO CORNING FREIGHT LINES, LTD.,
for authority to issue and sell One
Hundred (100) Shares of its Capital
Stock, and to purchase and acquire the
rights of A. E. Mallett and Gene
Antichi, Co-partners, doing business
under the fictitious name of Sacramento-
Corning Freight Line, to operate an
Auto-Truck Line for the transportation
of property, for compensation, and as
a common carrier, between Sacramento and
Corning, California, and the intermediate
points of Yolo, Zamora, Dunnigan, Arbuckle,
Williams, Maxwell, Delevan, Norman,
Willows, Artois, Orland and Corning; and
between Sacramento and Galt, and the inter-
mediate points of Florin and Elk Grove,
together with certain operative property
and assets; and of said A.E.Mallett and
Gene Antichi to sell and transfer said
property to Sacramento Corning Freight
Lines, Ltd.

ORIGINAL

Application No. 16426

Sanborn, Roehl, Smith and Brookman,
for applicants.

BY THE COMMISSION:

O P I N I O N

In the above entitled application, the Railroad Commission is asked to make its order authorizing A. E. Mallett and Gene Antichi to sell and transfer their operative rights, properties, assets and business to Sacramento Corning Freight Lines, Ltd., a corporation, and authorizing the corporation to purchase and acquire said operative rights, properties, assets and business, and to issue 100 shares of its common no par value capital stock.

The application shows that A. E. Mallett and Gene Antichi are engaged in the business of operating auto truck lines as common carriers of property for compensation between Sacramento and Corning and the intermediate points of Yolo, Zamora, Dunnigan, Arbuckle, Williams, Maxwell, Delevan, Norman, Willows, Artois and Orland, and also between Sacramento and Galt and the intermediate points of Florin and Elk Grove.

The assets and liabilities of the applicants, as of March 21, 1930, are reported as follows:

<u>A S S E T S</u>		
<u>CURRENT ASSETS:</u>		
Cash	\$1,212.81	
Accounts receivable	1,066.11	\$ 2,278.92
<u>FIXED ASSETS:</u>		
Revenue freight cars	32,553.46	
Tools and machinery	150.00	
Furniture and fixtures	564.09	
Total fixed capital.	<u>33,267.55</u>	
LESS-Accrued depreciation	<u>25,084.90</u>	8,182.65
Securities of other corporations		4,000.00
Prepayments		<u>1,603.80</u>
Total assets.....		<u>\$16,065.37</u>
<u>LIABILITIES AND NET WORTH</u>		
Notes payable		\$ 3,000.00
Net worth		<u>13,065.37</u>
Total liabilities and net worth		<u>\$16,065.37</u>

It appears that applicants Mallett and Antichi desire to conduct their business in the future under a corporate organization and to that end have caused the formation, on or about March 13, 1930, of Sacramento Corning Freight Lines, Ltd. They propose to transfer their operative rights, properties, assets and business to the corporation in exchange for 97 shares of stock of no par value.

The properties to be transferred, according to Exhibit "B", include five freight trucks, two trailers and machinery and tools for the repair and maintenance of the auto truck lines, furniture and fixtures and a one-sixth interest in the Union Freight Depot, Inc. in Sacramento. The cost of the physical properties is reported on the balance sheet at \$33,267.55 and the depreciation estimated to have accrued to date against its properties at \$25,084.90, leaving a net figure for the physical properties of \$8,182.65.

Referring to the operative rights to be transferred, it appears that by Decision No. 11071, dated October 7, 1922, in Application No. 8096, applicants Mallett and Antichi were authorized to operate a motor truck service between Sacramento, Artois, Orland and Corning. By Decision No. 14477, dated January 27, 1925, in Application No. 9870, they were authorized to operate between Sacramento and Willows, not as a separate right, but supplemental to the Sacramento Corning right granted by Decision No. 11071. By Decision No. 19427, dated February 29, 1928, in Application No. 13939, applicants were authorized to operate a motor truck service between Yolo, Zamora, Sunnigan, Arbuckle, Williams, Maxwell, Deleven and Norman, and between all of said points, and all of the points between Sacramento and Corning which they were authorized to serve by Decisions Nos. 11071 and 14477, not as a new and separate right, but in conjunction with and as a part of the right granted by said decisions. By Decision No. 17369, dated September 24, 1926, in Application No. 13172, Mallett and Antichi were authorized to acquire from E. E. Miller certain trucking rights theretofore acquired by said Miller from A. E. Palmer under authority granted by Decision No. 11797, dated March 16, 1923, in Application No. 8771, and a right granted to A. E. Palmer by Decision No. 9639, dated October 26, 1921 in Application No. 7142. The right granted to said Palmer by said

Decision No. 9639 authorized the operation of a trucking service between Sacramento and Galt and intermediate points. The other right transferred by Palmer to Miller was acquired by him from Martin Behrens under Decision No. 9164, dated June 27, 1921, in Application No. 6926. The right acquired from Behrens authorized the operation of a trucking service for the transportation of freight and express between Sacramento and Elk Grove and intermediate points.

The Commission has not authorized Mallett and Antichi to consolidate the Sacramento-Elk Grove-Galt right with the rights of the partners covering service north of Sacramento. It might be added that no request was made for such a consolidation in this application and the granting of this request is not to be construed as permitting the corporation to consolidate such right.

It appears to us that the transfer of the properties as herein proposed to the corporation and the issue by the corporation of 97 shares of no par common stock is not contrary to the public interest. In authorizing the transfer of the operative rights, we wish to place the purchaser upon notice that operative rights do not constitute a class of property which should be capitalized or used as an element of value in determining reasonable rates. 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 to the number of rights which may be given.

The corporation also asks permission to issue three shares of its stock at a price of \$10.00 a share to its three incorporators

named in its Articles of Incorporation.

O R D E R

Application having been made to the Railroad Commission for an order authorizing the transfer of properties and the issue of stock, and the Commission being of the opinion that this is not a matter in which a public hearing is necessary and that the application should be granted as herein provided, and that the money, property or labor to be procured or paid for through the issue of stock is reasonably required for the purposes specified herein, which purposes are not, in whole or in part, reasonably chargeable to operating expenses or to income,

IT IS HEREBY ORDERED that A. E. Mallett and Gene Antichi be, and they hereby are, authorized to sell and transfer to Sacramento Corning Freight Lines, Ltd. the operative rights, properties, assets and business, referred to in the foregoing opinion, subject to outstanding liabilities.

IT IS HEREBY FURTHER ORDERED that Sacramento Corning Freight Lines, Ltd. be, and it hereby is, authorized to purchase and acquire said operative rights, properties, assets and business, subject to outstanding liabilities, and to issue in part payment therefor not exceeding 97 shares of its common capital stock of no par value, and, in addition, to issue and sell for cash at \$10.00 a share, three shares of its common capital stock of no par value and use the proceeds to pay organization and corporation costs.

The authority herein granted is subject to the following conditions:-

1. A. E. Mallett and Gene Antichi shall unite immediately with Sacramento Corning Freight Lines, Ltd. in common supplement to the tariffs on file with the Commission covering operations under the operative rights herein authorized to be transferred, A. E.

Mallett and Gene Antichi on the one hand withdrawing, and Sacramento Corning Freight Lines, Ltd. on the other accepting and establishing such tariffs and all effective supplements thereto.

2. A. E. Mallett and Gene Antichi shall withdraw immediately time schedules filed in their names with the Railroad Commission covering their service under the operative rights herein authorized to be transferred, and Sacramento Corning Freight Lines, Ltd. shall file, in duplicate, in its own name, time schedules covering such service, which time schedules shall be identical with those now on file in the name of A.E.Mallett and Gene Antichi, or time schedules satisfactory to the Commission.

3. The rights and privileges herein authorized to be transferred may not hereafter be sold, leased, transferred or assigned, or service thereunder discontinued, decreased or changed, unless written consent of the Railroad Commission is first secured.

4. No vehicle may be operated by Sacramento Corning Freight Lines, Ltd. under the authority herein granted unless such vehicle is owned by said company, or is leased by it under a contract or agreement on a basis satisfactory to the Railroad Commission.

5. Sacramento Corning Freight Lines, Ltd. shall keep such record of the issue of the stock herein authorized as will enable it to file within thirty days thereafter a verified report, as required by the Railroad Commission's General Order No. 24, which order, insofar as applicable, is made a part of this order.

6. The authority herein granted will become effective upon the date hereof.

DATED at San Francisco, California, this 1st day of May
1930.

Cl Seavey

Thomas G. Curtis

W. J. Cline

Commissioners