

Decision No. 24554

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BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of)
 PIONEER TRUCK COMPANY OF LOS ANGELES,)
 a corporation, to transfer its oper-)
 ating rights from and to Los Angeles)
 Harbor and its terminal, and to sell)
 fifteen motor trucks and thirteen)
 trailers to Pioneer Truck and Transfer)
 Company of Los Angeles, a corporation,)
 and Pioneer Truck and Transfer Company)
 of Los Angeles to acquire said oper-)
 ating rights, trucks and trailers.)

Application No. 17985

BY THE COMMISSION:

OPINION AND ORDER

In this application the Railroad Commission is asked to make an order authorizing Pioneer Truck Company of Los Angeles to sell and transfer certain operative rights and equipment to Pioneer Truck and Transfer Company of Los Angeles and authorizing the latter to issue \$15,002.00 of its common capital stock.

Pioneer Truck Company of Los Angeles conducts and operates a general drayage business in the City of Los Angeles and also a transportation business to and from Los Angeles Harbor and its terminal in the City of Los Angeles at 1005 South Mateo Street. The major part of the business of the corporation is that of non-utility drayage operations and the company has concluded to separate its two classes of business by transferring its transportation activities to Pioneer Truck and Transfer Company of Los Angeles.

The operative rights permitting the transportation business were acquired by Pioneer Truck Company of Los Angeles under authority granted by the Commission by Decision No. 22580, dated

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June 25, 1930, and provide for the transportation of property for compensation between the fixed termini of the City of Los Angeles and the steamship wharves and docks located at Los Angeles Harbor, that is, Wilmington and San Pedro. The equipment to be transferred with the rights includes 15 motor trucks and 13 trailers, which are described in some detail in Exhibit "F" filed with this application.

The application shows that it is proposed to assign the operative rights without any compensation and to sell and transfer the trucks and trailers in exchange for 15,000 shares of the capital stock of Pioneer Truck and Transfer Company of Los Angeles of the par value of \$1.00 a share. According to information filed in this proceeding, the market value of the trucks and trailers aggregates \$15,000.00.

Pioneer Truck and Transfer Company of Los Angeles has an authorized capital stock of \$500,000.00 divided into 500,000 shares of the par value of \$1.00 each. At present but three shares are outstanding, being held by the present Board of Directors, which includes George L. Colburn, H. A. Andrews and V.J. Mapes. The company desires to increase its Board of Directors to five and to issue one share of stock to K.E. Millard and Chas. O. Murray upon the payment of the par value thereof.

The Commission has considered applicants' request and is of the opinion that this is not a matter in which a public hearing is necessary, 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 the stock is reasonably required by applicant for the purpose specified herein, which purpose is not in whole or in part reasonably chargeable to operating expenses or to income. In making this order the Commission wishes 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.

IT IS HEREBY ORDERED that Pioneer Truck Company of Los Angeles be, and it hereby is, authorized to sell and transfer, on or before April 30, 1932, to Pioneer Truck and Transfer Company of Los Angeles the operative rights heretofore acquired by it under the authority granted by Decision No. 22580, dated June 25, 1930, and the trucks and trailers set forth in Exhibit "F" attached to this petition.

IT IS HEREBY FURTHER ORDERED that Pioneer Truck and Transfer Company of Los Angeles be, and it hereby is, authorized to purchase and acquire said operative rights and equipment and to issue and deliver in full payment thereof \$15,000.00 of its common capital stock and to issue in addition \$2.00 of its common capital stock at par for cash and use the proceeds for working capital.

The authority herein granted is subject to the following conditions:

1. Pioneer Truck Company of Los Angeles and Pioneer Truck and Transfer Company of Los Angeles shall unite in common supplement to the tariffs on file with the Commission covering the operations under the operative rights herein authorized to be transferred, Pioneer Truck Company of Los Angeles on the one hand withdrawing and Pioneer Truck and Transfer Company of Los Angeles on the other hand accepting and establishing such tariffs and all effective supplements thereto.

2. Pioneer Truck Company of Los Angeles shall withdraw immediately the time schedules filed in its name with the Railroad Commission covering its service under the operative rights herein authorized to be transferred, and Pioneer Truck and Transfer Company of Los Angeles shall file, in duplicate, in its name time schedules covering such service, which time schedules shall be identical with those now on file in the name of Pioneer Truck Company of Los Angeles, or time schedules satisfactory to the Commission.

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

4. No vehicle may be operated by Pioneer Truck and Transfer Company of Los Angeles under the authority herein granted unless such vehicle is owned by said company, or is leased by it under contract or agreement on a basis satisfactory to the Railroad Commission.

5. Pioneer Truck and Transfer Company of Los Angeles shall keep such record of the stock herein authorized to be issued and of the disposition of the proceeds as will enable it to file, on or before the 25th day of each month, 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 fifteen (15) days after the date hereof.

DATED at San Francisco, California, this 7th day of March, 1932.

C. J. Seaver
Leon Whitell
W. J. Carr
W. B. Harris
Fred G. Stewart
Commissioners.