

**ORIGINAL**

Decision No. 18152

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of  
 ZIMMERMAN BROS.,  
 a co-partnership, to sell and  
 Zimmerman Bros. Transfer and Storage  
 Co., a California corporation, to  
 purchase and acquire an automobile  
 freight line between Los Angeles and  
 Long Beach and a warehouse incidental  
 thereto, and to issue and sell secur-  
 ities.

Application No. 18152

Jesse Bach Porter, for applicants.

BY THE COMMISSION:

O P I N I O N

In this proceeding the Railroad Commission is asked to enter its order authorizing Zimmerman Bros. to transfer the certificate of public convenience and necessity and other property, to which reference is made hereafter, to Zimmerman Bros. Transfer and Storage Co., and to permit said Zimmerman Bros. Transfer and Storage Co. to issue \$25,000.00 par value of its common capital stock and to assume the payment of indebtedness of Zimmerman Bros.

Zimmerman Bros. is a co-partnership consisting of L. E. Zimmerman and Albert F. Zimmerman, and is engaged in the operation of an automobile freight line for the transportation of freight between Los Angeles, California, and Long Beach, California, and intermediate points. The partnership acquired the line under the permission granted by the Railroad Commission in Decision No. 15366, dated September 3, 1925, in Application No. 11651.

By that decision the Commission authorized Rice Transportation Company to sell its operative right between Los Angeles and Long Beach and intermediate points to Zimmerman Bros. It appears from the decision that the operative right in question was acquired by G. R. Cleveland by purchase from the Rice Auto Delivery, which concern had established the right by reason of operation prior to May 1, 1917. The Commission approved the transfer to Cleveland in its Decision No. 8243, dated October 15, 1920, in Application No. 6120. By Decision No. 9188, dated June 30, 1921, in Application No. 6759, the Commission approved the sale and transfer of the right by Cleveland to Rice Transportation Company, Inc.

In addition to transferring the operative right, Zimmerman Bros. propose to transfer to Zimmerman Bros. Transfer and Storage Co. the following real property:

Lots 24, 25, 26 of Block 20 of the re-survey and correcting plat of Long Beach Harbor Tract, as per map recorded in Book 10, Page 142, of maps in the office of the County Recorder of Los Angeles County, together with all buildings and improvements on such property.

Zimmerman Bros. further propose to transfer to the corporation all of their truck equipment, materials and supplies and current assets. The corporation in turn asks permission to issue in payment of the aforesaid properties, \$25,000.00 par value of its common capital stock and to assume the indebtedness of Zimmerman Bros. Had the consolidation been consummated as of March 31, 1932 and the authority granted in Application No. 18124 exercised, Zimmerman Bros. Transfer and Storage Co. would, as of that date, have had assets and liabilities as follows:

ASSETS

Current.....	\$20,403.38
Real estate.....	25,015.75
Buildings.....	17,453.00
Trucks and trailers-depreciated cost.	17,500.00
Miscellaneous equipment.....	660.00
Office equipment.....	<u>623.50</u>

Total Assets.....\$81,655.63

LIABILITIES

Current.....	\$14,949.49
Accrued interest on funded debt.....	184.35
Funded debt.....	42,993.24
Street bonds.....	1,308.86
Capital.....	<u>22,219.69</u>

Total Liabilities.\$81,655.63

It is of record that the financial condition of Zimmerman Bros. has improved since March 31, 1932, and that its current assets are greater and its liabilities less than they were as of that date. In view of this and other testimony, it appears that an issue of \$25,000.00 of stock by the corporation is not unreasonable.

The Commission is of the opinion that this application should be granted. It desires, however, to place the purchaser upon notice that operative rights do not constitute a class of property to 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.

O R D E R

Application having been made for permission to transfer properties and issue stock, as indicated in the foregoing opinion, a

public hearing having been held before Examiner Fankhauser and the Commission being of the opinion that the money, property or labor to be procured or paid for through the issue of the \$25,000.00 of stock herein authorized is reasonably required for the purposes herein specified, which purposes are not, in whole or in part, reasonably chargeable to operating expenses or to income, therefore,

IT IS HEREBY ORDERED, that Zimmerman Bros., a co-partnership consisting of L. H. Zimmerman and Albert F. Zimmerman, be, and they hereby are, authorized to sell and transfer to Zimmerman Bros. Transfer and Storage Co. the properties described in this application, including the certificate of public convenience and necessity which they acquired under the authority granted by Decision No. 15366, dated September 3, 1925, in Application No. 11651.

IT IS HEREBY FURTHER ORDERED, that Zimmerman Bros. Transfer and Storage Co. be, and it hereby is, authorized to issue, on or before September 1, 1932, \$25,000.00 par value of its common capital stock and to assume the indebtedness of Zimmerman Bros., all for the purpose of acquiring the properties which Zimmerman Bros. are herein authorized to transfer to Zimmerman Bros. Transfer and Storage Co.

The authority herein granted is subject to the following conditions:

1. Zimmerman Bros. and Zimmerman Bros. Transfer and Storage Co. shall join in common supplement to the tariff now on file with the Railroad Commission in the name of Zimmerman Bros., applicant Zimmerman Bros. on the one hand withdrawing and applicant Zimmerman Bros. Transfer and Storage Co. on the other hand adopting and establishing as its own such tariff and all effective supplements thereto.

2. The rights and privileges herein authorized to be transferred may not be discontinued, sold, leased nor assigned hereafter, unless the written consent of the Railroad Commission to such action has first been secured.

3. No vehicle may be operated by Zimmerman Eros. Transfer and Storage Co. 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.

4. Zimmerman Eros. Transfer and Storage Co. shall keep such record of the stock herein authorized to be issued as will enable it to file within thirty (30) 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.

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

DATED at San Francisco, California, this 13<sup>th</sup> day of June, 1932.

CL Seaver  
Leon A. Hedges  
W. A. Cunn  
W. B. Lewis  
Fred G. Stewart  
Commissioners.