

authorizing it to transport property as a common carrier by auto truck between San Diego and Tia Juana and intermediate points, as permitted by Decision No. 21037, dated May 2, 1929, on Application No. 15551, and also the owner of a certificate of public convenience and necessity authorizing it to establish a through service with Coast Truck Line between Los Angeles and San Ysidro, as permitted by Decision No. 26448, dated October 23, 1933, on Application No. 18947.

It further shows that Rice Transportation Company is the owner of certificates of public convenience and necessity authorizing it to transport property by auto truck as a common carrier over fourteen routes in Los Angeles and Orange Counties, as permitted by Decision No. 26653, dated December 18, 1933, on Application No. 18821, and also the owner of a certificate of public convenience and necessity authorizing it to transport property by auto truck as a common carrier between Newport Beach and Redlands, via Santa Ana Canyon, as permitted by Decision No. 33374, dated February 9, 1931, on Application No. 17175. It is also the lessee of a certificate of public convenience and necessity authorizing it to transport property between Los Angeles, Pasadena and Sierra Madre and intermediate points, as permitted by Decision No. 25859, dated April 24, 1933, on Application No. 18723; the lessee of a certificate of public convenience and necessity authorizing it to transport property by auto truck as a common carrier between Los Angeles, Montebello and Whittier, as permitted by Decision No. 27189, dated July 2, 1934, on Application No. 19508; and also the lessee of a certificate of public convenience and necessity authorizing it to transport property as a common carrier by auto truck between Los Angeles and Long Beach, and between Long Beach and Los Angeles Harbor

District, as permitted by Decision No. 27190, dated July 2, 1934, on Application No. 19509.

The lessors in all three cases have given their consent to the transfer of the lessee's interests to Southern California Freight Lines.

The physical properties of the two corporations proposed to be transferred, are set forth in some detail in Exhibits "A" and "B" attached to the application. The assets and liabilities as of August 10, 1934 are reported as follows:-

A S S E T S	:International : Express Inc.	:Rice Transpor- : tation Company
Plant and equipment	:\$ 2,687.16	:\$ 99,000.28
Securities owned	:	: 6,337.40
Cash	: 240.67	: 4,264.70
Accounts receivable	: 426.19	: 25,480.64
Prepayments	:	: 686.57
Materials and supplies	: 19.20	:
Total.....	:\$ <u>3,373.22</u>	:\$ <u>135,769.59</u>
<u>L I A B I L I T I E S</u>		
Accounts payable	:\$ 2,846.19	:\$ 73,420.16
Other credit accounts	:	: 2,274.59
Reserve for depreciation	: 193.67	: 45,939.80
Total	: <u>3,039.86</u>	: <u>121,634.55</u>
Excess assets	:\$ <u>333.36</u>	:\$ <u>14,135.04</u>

In consideration for the transfer of the certificates of public convenience and necessity and the other assets, the purchaser will assume all the debts and liabilities of the two selling corporations, as set forth in an agreement dated August 16, 1934 which is filed as Exhibit "C".

The purchasing corporation was originally organized during 1920 under the name of Coast Truck Line. Recently those in control of it have caused its name to be changed to Southern California Freight Lines. In acquiring the properties of Rice Transportation

Company and International Express, Inc. it reports that it proposes in the future to increase its authorized capital stock and to ask for authority to issue additional stock.

We appreciate that some of the operative rights referred to above are questioned in Case No. 3844. That case is now pending before the Commission. It occurs to us that the transfer of such operative rights as Rice Transportation Company and International Express Inc. may have, to Southern California Freight Lines, will in no way prejudice the interests of complainant in Case No. 3844. The Coast Truck Line, now known as Southern California Freight Lines, is a defendant in that case. The authority herein granted to transfer operative rights, obviously does not create any new rights. The vendors can transfer only such operative rights as they possess.

The authority granted in the following order should not be construed as an approval of the balance sheet items referred to herein for the purposes of a subsequent stock issue.

In making the order we wish to place Southern California Freight Lines upon notice that operating 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 in the number of rights which may be given.

ORDER

The Railroad Commission having been asked to make an order authorizing International Express, Inc. and Rice Transportation

Company to sell and transfer rights and properties to Southern California Freight Lines, and the Railroad 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,

IT IS HEREBY ORDERED that International Express, Inc. and Rice Transportation Company be, and they hereby are, authorized to sell and transfer on or before December 31, 1934, their operating rights and properties referred to in the foregoing opinion and in this application, including the leasehold and other interests now held by Rice Transportation Company in certificates of public convenience and necessity referred to in Decisions Nos. 25859, 27189, and 27190, to Southern California Freight Lines, in accordance with the terms of the agreement dated August 16, 1934, a copy of which is filed with the application as Exhibit "C".

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

1. International Express, Inc., Rice Transportation Company and Southern California Freight Lines shall unite immediately in common supplement, to be filed in triplicate, to the tariffs on file with the Railroad Commission covering operations under the rights herein authorized to be transferred, International Express, Inc. and Rice Transportation Company on the one hand withdrawing and Southern California Freight Lines on the other hand accepting and establishing as its own such tariffs and all effective supplements thereto.
2. International Express, Inc. and Rice Transportation Company shall withdraw time schedules filed in their names with the Railroad Commission covering service

under the operating rights herein authorized to be transferred, and Southern California Freight Lines shall file, in duplicate, in its own name, time schedules covering such service, which schedules shall be identical with the time schedules now on file with the Commission, or time schedules satisfactory to the Commission.

3. The rights and privileges herein authorized to be transferred may not hereafter be sold, transferred, leased nor assigned, nor enlarged or consolidated, nor service thereunder discontinued, unless the written consent of the Railroad Commission has first been secured.
4. No vehicle may be operated by Southern California Freight Lines under the authority granted herein, unless such vehicle is owned by it or is leased by it under a contract or agreement on a basis satisfactory to the Railroad Commission.
5. The authority herein granted will become effective twenty(20) days from the date hereof.

DATED at San Francisco, California, this 17th day of September, 1934.

Leon A. ...

M. A. ...

M. B. ...

Commissioners.