

operative rights in consideration for the issue of 1,300 shares of the corporation's capital stock. As of August 1, 1946, applicant reports assets and liabilities as follows:

Assets

Cash in bank	\$ 950.
Accounts receivable	1,850.
Trucks, tractors and trailers	11,700.
Other equipment	<u>2,375.</u>
Total assets	<u>\$16,875.</u>

Liabilities

Accounts payable	\$ 150
Depreciation reserve	3,350.
Net worth	<u>13,375.</u>
Total liabilities	<u>\$16,875.</u>

Applicants have assigned no value to operative rights.

Churchill Transportation Company is hereby placed upon notice that operative rights, as such, do not constitute a class of property which may be capitalized or used as an element of value in rate fixing for any amount of money in excess of that originally paid to the State as the consideration for the grant of such rights. 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 action taken herein shall not be construed to be a finding of value for any purpose other than the proceeding herein involved.

O R D E R

Application having been made to the Railroad Commission for an order authorizing the transfer of operative rights and properties, and the issue of 1,300 shares of capital stock by Churchill Transportation Company, and the Commission being of the opinion that the money, property or labor to be procured or paid for through the issue of said stock is reasonably required by said Churchill Transportation Company for the purposes herein stated, and that such purposes are not, in whole or in part, reasonably chargeable to operating expenses or to income, and that this application should be granted as herein provided, therefore,

IT IS HEREBY ORDERED as follows:

1. Amos Churchill may, on or before October 31, 1946, sell to the Churchill Transportation Company the properties and operative rights to which reference is made in the foregoing opinion. Said Churchill Transportation Company may acquire said properties and operative rights.
2. In payment for said properties and operative rights, Churchill Transportation Company may issue, on or before October 31, 1946, not exceeding 1,300 shares of its capital stock.
3. Applicants, if they exercise the authority herein granted, shall comply with the provisions of General Order No. 80 and Part IV of General Order No. 93-A, by filing, in triplicate, and concurrently making effective, appropriate tariffs and time tables within sixty (60) days from the date of this order and on not less than one (1) day's notice to the Commission and to the public.

4. Within thirty (30) days after the issue of the stock herein authorized, Churchill Transportation Company shall file with the Railroad Commission a report as required by the Commission's General Order No. 24-A, which order, insofar as applicable, is made a part of this order.

5. The authority herein granted is effective upon the date hereof.

Dated at Los Angeles, California, this 27th day of August, 1946.

Harold K. Kula
Justice J. C. Cramer
Francis D. Dwyer
James H. Howell
R. J. [Signature]
 Commissioners