Decision No. 39348

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

IN THE MATTER OF THE APPLICATION OF AMOS CHURCHILL to sell to the CHURCHILL TRANSPORTATION COMPANY, motor truck line, together with Certificate of Public Convenience and Necessity.

Application No. 27767

OPINIQN

Decision No. 23795, dated June 15, 1931, in Application No. 17287, authorizes Amos Churchill to engage in a restricted "on call" common carrier trucking service for the transportation of certain commodities, in quantities of two tons or more, between a point at the intersection of Foothill Road and San Jacinto River (north of San Jacinto) on the one hand, and Los Angeles and Los Angeles Harbor on the other hand, also, between said point of beginning and Pomona, Colton, Riverside, San Bernardino, Ontario, Santa Ana and Long Beach on the other hand. The decision names the routes over which he may operate and the commodities which he may transport. Reference is here made to said decision for a specific definition of his operative rights.

For 1944 he reports revenues of \$8,170.84, and for 1945 revenues of \$11,920.69.

Applicant has caused to be organized under the laws of California the Churchill Transportation Company. It has an authorized stock issue of 2,500 shares, without par value.

Applicant proposes to sell to the Churchill Transportation Company all' of his motor vehicle equipment and his

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 Accounts receivable Trucks, tractors and trailers Other equipment.	\$ 950 1,850 11,700 2,375
Total(assets	\$16,875
<u>Liabilities</u>	
Accounts payable Depreciation reserve Net worth	\$ 150 3,350; <u>13,375</u>
Total liabilities	\$16,875

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.

يون رهوني

ORDER

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 27 day of August, 1946.

Molesce Dean Surell.

Commissioners