

ORIGINAL

Decision No. 39844

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of DONALD L. WILLIAMS,)	
doing business as Palo Alto Motor	:	
Express; to sell a Highway Common)	Application
Carrier/Truck Line; and of PALO	:	No. 28097
ALTO MOTOR EXPRESS, a corporation,)	
to purchase the same and to issue	:	
its capital stock.)	
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O P I N I O N

By Decision No. 39153, dated June 25, 1946, in Application No. 23612, the Commission authorized C. A. Buck to sell and transfer to Donald L. Williams as assignee of Valley Motor Lines, Inc., the operative right referred to and described in Decision No. 37669, dated January 6, 1945, in said application. Donald L. Williams has acquired said operative right at a cost of \$8,760, and is engaged in operating the business of a highway common carrier truck line between Palo Alto and San Francisco and intermediate points, under the name and style of Palo Alto Motor Express. He has caused to be organized Palo Alto Motor Express, a corporation, and requests permission to transfer to said corporation his operative right, equipment, and highway common carrier business. Applicant's petition shows that on October 12, 1946, he acquired, at a cost of \$2,979.63, a 1940 White truck and a 1941 GMC truck. Applicants assign to the operative right a value of \$9,869.83, segregated as follows:

Amount paid for operative right	\$8,700.00
Legal expenses incurred to defend validity of operative right	1,047.33
Filing fee paid to the State of California	50.00
Organization expenses including tariff and accounting service	72.50

The Commission by Decision No. 39153 directed Donald L. Williams to charge the \$8,700 to surplus during 1947. He intends to transfer the amount to the corporation, which asks permission to write it off within three years. The \$8,700, if transferred to the corporation, should be charged to Account 155-- Other Intangible Capital, ⁽¹⁾ and credited to accounts payable. The amount should be amortized within five years after the acquisition of the properties by the corporation.

The corporation has an authorized stock issue of 7,500 shares without par value. It asks permission to issue 206 shares of stock in exchange for said assets and \$506.54 in cash. The order herein will authorize the issue of the 206 shares of stock. In authorizing said stock issue, no consideration was given to the \$8,700 paid for the operative right.

Palo Alto Motor Express, a corporation, 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

(1) This account appears in the uniform system of accounts prescribed for class II truck operators. If the corporation keeps its accounts in the manner prescribed for class I or class III truck operators, the amount should be charged to the appropriate account provided in the system of accounts used by it.

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 the value of the properties herein authorized to be transferred.

O R D E R

The Commission has considered applicants' request and is of the opinion that this is not a matter on which a hearing is necessary, that the money, property or labor to be procured or paid for through the issue of the stock herein authorized is reasonably required by Palo Alto Motor Express for the purposes herein stated, that such purposes are not, in whole or in part, reasonably chargeable to operating expenses or to income, therefore,

IT IS HEREBY ORDERED as follows:

1. Donald L. Williams may, after the effective date hereof and on or before April 1, 1947, transfer the operative right acquired pursuant to the authority granted by Decision No. 39153, dated June 25, 1946, and his highway common carrier business to Palo Alto Motor Express, a corporation, which is hereby authorized to acquire and operate said properties and business.

2. Palo Alto Motor Express, a corporation, may, after the effective date hereof and on or before April 1, 1947, issue in payment for said properties and \$506.54 in cash, 206 shares of its capital stock without par value, provided that none of said shares of stock may be issued to refund said \$8,700, or any part thereof, mentioned in the foregoing opinion.

3. Said \$8,700, if transferred to Palo Alto Motor Express, a corporation, shall by it be charged to Account 155--Other Intangible Capital, or other appropriate intangible capital account, and credited to accounts payable. The amount included in Account 155--Other Intangible Capital, or other appropriate intangible capital account, shall be amortized within five years after the acquisition of the properties by Palo Alto Motor Express, a corporation. If said \$8,700 is transferred to Palo Alto Motor Express, a corporation, paragraph four of the order in Decision No. 39153 is vacated and set aside.

4. Donald L. Williams and Palo Alto Motor Express, a corporation, 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 effective date hereof and on not less than one (1) day's notice to the Commission and to the public.

5. Palo Alto Motor Express, a corporation, shall file a report, or reports, as required by the Commission's General Order No. 24-A, which order, insofar as applicable, is made a part of this order.

6. The effective date of this order shall be twenty (20) days from the date hereof.

Dated at San Francisco California, this 7th day of January, 1947.

James H. Hill
Justice J. Calmes
Thomas Blain
James H. Lawrence
A. J. [Signature]
 Commission