

ORIGINAL

Decision No. 41478

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of:
 (a) RICHARDS TRUCKING AND WAREHOUSE CO.,
 a corporation, to sell and of WATER-LAND
 TRUCK LINES, a corporation, doing business
 as Teskey Transportation Company, to buy,
 Certificate of Public Convenience & Necess-
 ity to operate an automobile freight line
 in Southern California, created by Decision
 No. 18883 dated October 4, 1927; and, (b)
 Water-Land Truck Lines, a corporation, for
 authority to issue shares of its common
 capital stock.

Application
No. 29182

Arlo D. Poe for Richards Trucking and Warehouse Co.

Glanz & Russell, Arthur H. Glanz for Water-Land
Truck Lines.

O P I N I O N

In this application, Richards Trucking and Warehouse Co. asks permission to sell its operative rights created by Decision No. 18883 dated October 4, 1927, to Water-Land Truck Lines, a corporation. Water-Land Truck Lines asks permission to acquire said operative rights and to issue for the purposes herein stated 1200 shares of its capital stock and assume an indebtedness of \$100,000.

Applicant, Richards Trucking and Warehouse Co. is engaged in the business of transporting property for hire as a highway common carrier between Los Angeles Harbor points and the city of Los Angeles proper. Its right to engage in such business was created by Decision No. 18883 dated October 4, 1927. Under the terms and provisions of an agreement dated December 29, 1947, a copy of which is on file in this application as Exhibit "C", Richards Trucking and Warehouse Co. has agreed to sell said operative rights together with operative rights granted to it by the Interstate Commerce Commission as well as all of the goodwill and accounts

associated with said operating rights to Merlyn F. Teskey for the sum of \$15,000. The purchase price is payable simultaneously with the transfer of the operative rights. Merlyn F. Teskey will assign his interest in said agreement to Water-Land Truck Lines, a corporation doing business as Teskey Transportation Company.

Water-Land Truck Lines is a California corporation with an authorized capital stock of 7,500 shares without par value.

Teskey Transportation Company, a partnership in which Merlyn F. Teskey owns a 50% interest, Mabel M. Teskey, his mother, and Frank Teskey, his father, each own a 25% interest, has for a number of years been engaged in the truck transportation business under Highway Carriers Act and City Carriers Act permits. The partnership is also engaged in some non-transportation business. For the year ending December 31, 1947, its gross revenue is reported at \$270,320.33 and its expenses at \$220,114.87, leaving a net profit from operations of \$50,205.46.

The partnership proposes to transfer to the Water-Land Truck Lines all of its right, title and interest in and to the property consisting of motor vehicle equipment, shop and garage equipment, office furniture and supplies described in Exhibit "B" on file in this application. The original cost of the truck equipment is reported at \$231,356.54 and its depreciated cost at \$127,233.43. To this, applicants add parts and supplies said to have a market value of \$7,862.20, making a total of \$135,095.65. The truck equipment and some non carrier property of the partnership is subject to a chattel mortgage in favor of the Union Bank and Trust Company of Los Angeles in the amount of \$129,022.60. The payment of \$100,000 of this indebtedness will be assumed by Water-Land Truck Lines. The partnership remains liable for the

payment of \$29,022.80. In payment for the \$25,095.68 equity in the properties, Water-Land Truck Lines asks permission to issue 700 shares of its no par value capital stock, which shares it will issue at a stated value of \$50 a share. Water-Land Truck Lines further asks permission to issue and sell 600 shares of its capital stock at \$50 a share and use the proceeds for working capital. The shares of stock of Water-Land Truck Lines will be held as follows: Merlyn F. Teskey 50%, Frank Teskey 25% and Mabel M. Teskey 25%.

The action taken herein shall not be construed to be a finding of the value of the properties herein authorized to be transferred. Further, we wish to place Water-Land Truck Lines 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

ORDER

The Commission having considered the evidence submitted at the hearing on this application before Examiner Fankhauser and it being of the opinion that the money, property or labor to be procured or paid for by the issue of 1200 shares of capital stock is reasonably required by said Water-Land Truck Lines for the purposes herein stated which purposes are not in whole or in part reasonably chargeable to operating expenses or to income and that

this application should be granted subject to the provisions of this order, therefore,

IT IS HEREBY ORDERED as follows:

1. Richards Trucking and Warehouse Co., after the effective date hereof and on or before October 30, 1948, may sell and transfer to Water-Land Truck Lines the certificate of public convenience and necessity created by Decision No. 18883 dated October 4, 1927.

2. Water-Land Truck Lines, after the effective date hereof, and on or before October 30, 1948, may issue not exceeding 700 shares of its capital stock to Frank Teskey, Mabel M. Teskey and Merlyn F. Teskey for and in consideration of the transfer by said persons of all their right, title and interest in and to the property, consisting of motor vehicle equipment, trailers, semitrailers, and other automotive equipment, shop and garage equipment, office furniture, fixtures and supplies on hand, all as listed in Exhibit "E" on file in this application and may assume the payment of not exceeding \$100,000 of the chattel mortgage which is now a lien on some of said properties.

3. Water-Land Truck Lines, after the effective date hereof and on or before October 30, 1948, may issue and sell at not less than \$50 per share, 600 shares of its capital stock of no par value and use the proceeds for the extension or improvement of its facilities or for the improvement or maintenance of its service.

4. Applicants 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. Within thirty (30) days after the issue of the stock herein authorized or any part thereof, Water-Land Truck Lines shall file with the Commission a report showing the number of shares of stock issued, to whom said shares were issued and the consideration received therefor and the purposes for which the stock proceeds were or are being used.

6. Within sixty (60) days after the transfer of the operative right of Richards Trucking and Warehouse Co., and the transfer of the properties of Teskey Transportation Company to Water-Land Truck Lines said Water-Land Truck Lines shall file with the Commission a copy of the journal entries by which it will record the purchase of said property.

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

Dated at San Francisco, California, this 20th day of April, 1943.

R. T. [Signature]
Justus J. [Signature]
Irish [Signature]
[Signature]
Commissioners