

Decision No. 41934

ORIGINAL

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of)	
GEORGE W. MARTIN, WALTER GIDEON,	:	
RAY TAYLOR, and C. I. BROTHERS, co-)	
partners, doing business as BAKER'S	:	
TRANSFER AND STORAGE, to sell and)	
BAKER'S TRANSFER & STORAGE, a cor-	:	Application
poration, to purchase operating rights)	No. 29508
and properties of a highway common	:	
carrier service operated between Bakers-)	
field, San Francisco, Oakland, and Los	:	
Angeles, California)	

O P I N I O N

The Commission by Decision No. 40159, dated April 15, 1947, in Application No. 28244, authorized Bessie Iola Baker, J. M. Bridges and Margaret Bridges to transfer to George W. Martin, Walter Gideon, Ray Taylor and C. I. Brothers the operative rights acquired by them pursuant to the authority granted by Decision No. 32655, dated December 19, 1939. The operative rights authorize the owner thereof to engage in business as a highway common carrier for the transportation of household goods between Bakersfield, San Francisco, Oakland and Los Angeles as provided in said Decision No. 32655.

Applicants, George W. Martin, Walter Gideon, Ray Taylor and C. I. Brothers, doing business as Baker's Transfer and Storage, allege that they acquired said operative rights and that operations are presently being conducted under such operative rights by them.

They ask permission to transfer said operative rights and their property and assets used in the highway common carrier and storage business to Baker's Transfer & Storage, a corporation. The corporation asks permission to issue 720 shares of stock of the par value of \$25 each and assume the liabilities of the Sellers as a consideration for the properties and business of the Sellers.

As of April 30, 1948, the Sellers report their assets and liabilities as follows:

<u>Assets</u>		
Current assets		\$ 13,908.25
Equipment-less reserve		12,529.57
Goodwill		<u>29,513.15</u>
Total assets		\$ 65,950.97
<u>Liabilities</u>		
Note payable	\$ 32,698.10	
Current liabilities	<u>6,963.28</u>	
		39,661.28
Net worth		<u>26,289.59</u>
Total liabilities		\$ 65,950.97

The \$32,698.10 note payable is the balance due on a note issued under the authority granted by Decision No. 40159 dated April 15, 1947.

Included in the property to be transferred are six units of equipment.

The Commission has considered applicant's request and is of the opinion that a public hearing is not necessary and that this application should be granted as herein provided. Applicants are 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 authority herein granted is not to be construed to be a finding of value of the properties herein authorized to be transferred.

IT IS HEREBY ORDERED as follows:

1. George W. Martin, Walter Gideon, Ray Taylor and C. I. Brothers, doing business as Baker's Transfer and Storage may, after the effective date hereof and on or before October 1, 1948, sell and transfer to Baker's Transfer & Storage, a corporation, the operative rights acquired by them pursuant to the authority granted by Decision No. 40159 dated April 15, 1947, and their highway common carrier and storage properties and business.

2. Baker's Transfer & Storage, a corporation, may, after the effective date hereof and on or before October 1, 1948, for the purpose of paying for said properties issue and deliver to said George W. Martin, Walter Gideon, Ray Taylor and C. I. Brothers, 720 shares of its capital stock and assume all of the indebtedness of said George W. Martin, Walter Gideon, Ray Taylor and C. I. brothers, doing business as Baker's Transfer and Storage, it being the opinion of the Commission that the money, property or labor to be procured or paid for through the issue of said shares of stock is reasonably required by Baker's Transfer & Storage, a corporation, for the purpose specified herein,

which purpose is not, in whole or in part, reasonably chargeable to operating expenses or to income.

3. 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 date hereof and on not less than one (1) day's notice to the Commission and to the public.

4. The authority herein granted to transfer property and issue stock will become effective twenty (20) days after the date hereof.

5. Within thirty (30) days after the issue of said shares of stock or any part thereof Baker's Transfer & Storage, a corporation, shall file with the Commission a report showing the number of shares of stock issued under the authority herein granted, to whom said shares of stock were issued and the consideration received for said shares of stock.

Dated at San Francisco, California, this 10th
day of August 1948.

Robert Lawrence
Harold P. Kuls
Annetha Patten