

ORIGINAL

Decision No. 42288

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application)
of MELVIN A. PIXLEY doing business)
as "Furniture Fast Freight" and)
"Furniture Freight Forwarders")
to sell and Furniture Fast Freight,)
a corporation, to purchase an auto-)
motive freight line and an express)
corporation operative right between)
points in California, and of)
Furniture Fast Freight, a corporation,)
for an order authorizing issue of)
stock.)
-----)

Application
No. 29810

E. W. Turcotte and DeWitt Morgan Manning, by
DeWitt Morgan Manning, for Applicants.

O P I N I O N

In this application Melvin A. Pixley, doing business as "Furniture Fast Freight" and "Furniture Freight Forwarders", asks permission to transfer his operative rights and public utility properties to Furniture Fast Freight, a corporation. The corporation asks permission to issue to Melvin A. Pixley \$102,250 par value of its capital stock as the consideration for the properties which he has agreed to transfer to the corporation.

Melvin A. Pixley is engaged in the operation of an automobile freight line as a highway common carrier of uncrated furniture from, to and between various points in the State of California, all as defined in Decisions Nos. 33814, dated January 10, 1941; 35453, dated June 9, 1942; 34360, dated July 1, 1942; 34440, dated July 21, 1942; 36204, dated March 9, 1943,

and 36933, dated March 14, 1944. The highway common carrier service which he renders pursuant to such decisions is under the trade name of "Furniture Fast Freight". Under the authority granted by Decision No. 36824, dated January 18, 1944, he operates an express business under the trade name of "Furniture Freight Forwarders".

Melvin A. Pixley, for the years 1943-1947 inclusive and for the eight months ending August 31, 1948, reports revenues, expenses and net profit or loss as follows:

<u>Year</u>	<u>Revenue</u>	<u>Expenses</u>	<u>Net Profit or Loss</u>
1943	\$326,330.83	\$323,053.84	\$ 3,276.99
1944	354,574.25	350,875.25	3,699.00
1945	495,020.00	500,036.00	(5,016.00)
1946	366,650.00	419,219.00	(52,569.00)
1947	428,785.00	457,899.00	(29,114.00)
1948 (8 months)	281,269.02	285,566.44	(4,297.42)

Applicant Pixley asks permission to transfer his operative rights and public utility properties to Furniture Fast Freight, a corporation. He will also transfer to the corporation certain nonutility properties. The following is a statement of properties, as of August 31, 1948, to be transferred:

Motor vehicle equipment-depreciated cost	\$ 27,620.41
Nonoperative land and building	15,000.00
Garage equipment, material, office supplies	17,500.00
Cash and special deposits	11,584.62
Accounts receivable	27,570.84
Prepayments	2,371.06
All of outstanding stock of Anderson Transfer, Inc.	<u>3,500.00</u>
Total	<u>\$105,156.99</u>

The Anderson Transfer, Inc. is engaged in local hauling and has a reported net worth of about \$36,000.

Furniture Fast Freight, a corporation, will not assume any liabilities of Melvin A. Pixley. In consideration for the foregoing properties and goodwill of the business, Furniture Fast Freight asks permission to issue to Melvin A. Pixley \$102,250 per value of its capital stock. A copy of the contract covering the sale of the properties is on file in this application as Exhibit "A".

The corporation intends to retain the trade name of Furniture Freight Forwarders, under which Melvin A. Pixley has been conducting his express business. The express business, however, will be conducted by the corporation.

The transfer of said properties will not result in any change in the operation and conduct of the business, although the properties will be owned by a corporation. It will not in any way affect the service available to the public. Melvin A. Pixley, now the owner of the properties, will own all of the stock of the corporation.

The action taken herein shall not be construed to be a finding of the value of the properties herein authorized to be transferred.

Furniture Fast Freight 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.

O R D E R

The Commission has considered the evidence submitted at the hearing had on this application and is of the opinion that the money, property or labor to be procured or paid for by the issue of \$102,250 par value of capital stock by Furniture Fast Freight is reasonably required by said Furniture Fast Freight 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, as herein provided; therefore,

IT IS HEREBY ORDERED as follows:

1. Melvin A. Pixley may, after the effective date hereof and on or before February 1, 1949, transfer the operative rights granted to him by the decisions referred to in the foregoing opinion, together with his highway common carrier properties, assets and business and his express corporation assets and business, to Furniture Fast Freight, a corporation. As a consideration for said operative rights, properties, assets and business and for other properties referred to in the foregoing opinion, Furniture Fast Freight may issue and deliver to Melvin A. Pixley not exceeding \$102,250 par value of its capital stock. The transfer of said operative rights, properties, assets and business and said stock issue shall be in conformity with the contract filed in this application as Exhibit "A".

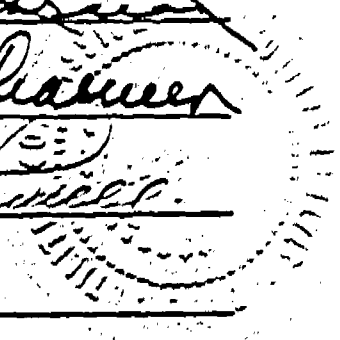
2. Applicant shall comply with the provisions of Tariff Circular 2 and of General Orders Nos. 80 and 93-A by filing, in triplicate, and concurrently making effective, appropriate tariffs and time tables within sixty (60) days from the effective date hereof and on not less than five (5) days' notice to the Commission and to the public.

3. Furniture Fast Freight shall file with the 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.

4. The authority granted by this order will become effective twenty (20) days from the date hereof.

Dated at San Francisco, California, this 7th day of December, 1948.

B. J. Johnson
Justice J. Casper
W. S. Hall



Commissioners