

ORIGINAL

Decision No. 43523

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of Frank J. Brown, doing business as A & B GARMENT DELIVERY, to sell, and A & B GARMENT DELIVERY, a corporation to purchase operating rights and properties of a highway common carrier for the transportation of garments and wearing apparel, and for authority to issue stock in consideration thereof.

Application  
No. 30721

O P I N I O N

This application shows that Frank J. Brown, doing business under the firm name and style of A & B Garment Delivery, owns certain operating rights which had been acquired by him under authority granted by Decision No. 36225 dated March 16, 1943, and Decision No. 38468 dated December 10, 1945, and which permitted operations as a highway common carrier of garments and wearing apparel when transported on hangers, and merchandise in packages, between wholesale and retail stores between Los Angeles, Belvedere Gardens, Florence, Walnut Park, Vernon, Huntington Park, Beverly Hills, Glendale, Inglewood, Long Beach, Pasadena, San Pedro, Santa Monica, Westwood and Wilmington, California, subject to the limitations set forth in said decision. The application further shows that applicant Brown now desires to incorporate his business and to that end proposes, and now asks permission, to transfer his operating rights and properties to a new corporation, named A & B Garment Delivery, in consideration of the assumption by the corporation of his outstanding indebtedness and the issue by it of stock in an amount equivalent to the net worth of his business as reflected on his books at the date of transfer.

Applicant Brown, in financial statements filed with the Commission, has reported his operating revenues at \$158,791 during 1947, at \$215,366 during 1948 and at \$124,799 during the first six months of 1949, with net income, before provision for federal income taxes, of \$7,876 during 1947, of \$38,712 during 1948 and of \$27,342 during the first six months of 1949. He reports his assets and liabilities as of June 30, 1949 as follows:

<u>Assets</u>		
Current assets-		
Cash and deposits	\$13,990.32	
Loans and notes receivable	17,550.00	
Accounts receivable	14,244.07	
Materials and supplies	<u>393.83</u>	
Total current assets		\$ 46,178.22
Tangible property		
Total	85,018.47	
Less- Depreciation reserve	<u>24,893.62</u>	
Net tangible property		60,124.85
Other investments		874.96
Deferred debits		<u>2,953.37</u>
Total		<u>\$110,131.40</u>
<u>Liabilities</u>		
Current liabilities-		
Accounts payable	\$10,318.88	
Wages payable	5,787.07	
Taxes accrued	<u>1,355.21</u>	
Total current liabilities		\$ 17,461.16
Equipment obligations		5,236.83
Proprietorship		<u>87,433.41</u>
Total		<u>\$110,131.40</u>

The Commission has considered this matter and is of the opinion that the transfer of the rights and properties should be authorized and that the corporation should be permitted to issue capital stock in the aggregate amount of \$37,400.

The action taken herein shall not be construed to be a finding of the value of the properties herein authorized to be transferred. Further, A & B Garment Delivery, 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 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 Public Utilities Commission having considered the above entitled application and being of the opinion that a public hearing thereon is not necessary, that the requests of applicants should be granted, as herein provided, that the money, property or labor to be procured or paid for through the issue of \$87,400 par value of stock is reasonably required by A & B Garment Delivery for the purpose specified herein, and that such purpose is not, in whole or in part, reasonably chargeable to operating expenses or to income, therefore,

IT IS HEREBY ORDERED as follows:

1. Frank J. Brown, after the effective date hereof and on or before December 31, 1949, may sell and transfer to A & B Garment Delivery, a corporation, the operative rights and properties referred to in this application, said sale and transfer to be made in accordance with the terms and conditions of the Offer of Sale dated September 6, 1949, filed in this application as Exhibit "A".

2. A & B Garment Delivery, a corporation, after the effective date hereof and on or before December 31, 1949, in

payment for the operative rights and properties of Frank J. Brown, may assume outstanding indebtedness in approximately the total amount shown on the balance sheet contained in the opinion preceding this order, and may issue not exceeding \$87,400 par value of its common capital stock.

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 schedules within sixty days from the date hereof and on not less than one day's notice to the Commission and to the public.

4. A & B Garment Delivery, a corporation, shall file with the Commission a report as required by General Order No. 24-A, which order, insofar as applicable, is made a part of this order.

5. The authority herein granted will become effective twenty days from the date hereof.

Dated at San Francisco, California, this 15<sup>th</sup> day of November 1949.

R. E. Johnson  
Julius F. Coe  
Harold K. Kula  
Resworth Potter  
Commissioners