

Decision No. 44083

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of:

- (a) L. L. MOCKENHAUPT, an individual doing business as Victorville-Barstow Truck Line to sell and Victorville-Barstow Truck Line, a California corporation, to purchase an automobile freight line for the transportation of commodities generally between Los Angeles and Los Angeles Harbor, Colton and San Bernardino on the one hand, and Verdemont, Lucerne Valley, Yermo and Bicycle Lake and intermediate and off-route points on the other hand; and,
- (b) Victorville-Barstow Truck Line, a corporation, to issue and sell shares of its capital stock.

ORIGINAL

Application
No. 31287

O P I N I O N

This is an application for an order authorizing L. L. Mockenhaupt to transfer highway common carrier operative rights and properties to Victorville-Barstow Truck Line, a corporation, and authorizing said corporation to issue \$50,000 par value of its capital stock.

L. L. Mockenhaupt is, and for some time has been, engaged in the business of transporting property for hire as a highway common carrier under the fictitious firm name of Victorville-Barstow Truck Line. The area served by Mockenhaupt is described in the application as including service between Los Angeles and Los Angeles Harbor and points in the vicinity thereof, Colton and San Bernardino on the one hand, and Verdemont, Lucerne Valley, Yermo and Bicycle Lake and intermediate points on the other hand, and also between Los Angeles, Los Angeles Harbor and points in the vicinity thereof, Colton and San Bernardino on the one hand, and

points located laterally within nine miles on each side of U. S. Highway 66 between Millers Corners and Helendale, and on California Highway No. 18 between Victorville and Lucerne Valley, on the other hand.

The application shows that Mockenhaupt desires to transfer his property and operative rights to a corporate organization and to that end has caused to be incorporated, under the laws of California, a corporation known as Victorville-Barstow Truck Line. Mockenhaupt proposes to transfer his properties and business to the new corporation in exchange for 500 shares of stock of the total par value of \$50,000, subject to existing liabilities.

Exhibit E attached to the application shows that the revenues, expenses and net income of Mockenhaupt, an individual, from the operations of Victorville-Barstow Truck Line during the years 1947, 1948 and 1949 were:

	<u>1947</u>	<u>1948</u>	<u>1949</u>
Revenues	\$129,066.71	\$136,980.77	\$117,683.25
Expenses	<u>126,227.91</u>	<u>136,568.30</u>	<u>130,591.31</u>
Net Income	<u>\$ 2,838.80</u>	<u>\$ 412.47</u>	<u>\$(12,908.06)</u>

A statement attached to the application as Exhibit B shows the assets and liabilities of Mockenhaupt, doing business as Victorville-Barstow Truck Line, as of December 31, 1949, adjusted to give effect to the proposed stock issue as follows:

<u>Assets</u>			
Current Assets			
Cash funds		\$	40.00
Accounts receivable	\$9,308.29		
Less reserve for bad debts	<u>3,642.24</u>	<u>5,666.05</u>	
Total Current Assets			\$ 5,706.05
Fixed Assets			
Land		\$5,500.00	
Buildings	\$18,781.82		
Less depreciation reserve	<u>3,560.44</u>	15,221.38	
Revenue equipment	64,431.43		
Less depreciation reserve	<u>28,349.30</u>	<u>36,082.13</u>	
Total Fixed Assets			56,803.51
Deferred Charges			
Prepaid insurance premiums		\$	993.66
Goodwill and franchises		<u>2,008.01</u>	
Total Deferred Charges			<u>3,001.67</u>
Total Assets			<u>\$65,511.23</u>

<u>Liabilities</u>			
Current Liabilities			
Accounts payable		\$	1,252.14
C.O.D. collections payable		799.89	
Contracts payable on revenue equipment	12,601.90		
Contract payable on land purchase	853.75		
Accrued interest payable	<u>3.55</u>		
Total Current Liabilities			\$15,511.23
Capital			
Capital stock proposed to be issued			<u>50,000.00</u>
Total Liabilities			<u>\$65,511.23</u>

The amount shown as land consists of depot sites at San Bernardino, Victorville and Barstow and the amount shown as buildings comprises the depots at these sites. The land at Barstow was encumbered in the amount of \$853.75. Revenue equipment consists of 7 trucks, 7 tractors and 9 semi trailers of various tonnage ratings. Encumbrances in the amount of \$12,601.90 existed on December 31, 1949, against the newest equipment acquisitions.

The \$2,008.01 shown on the balance sheet as goodwill represents the difference between the net recorded investment in assets as of December 31, 1949, and the par value (\$50,000) of the proposed stock issue. It does not appear to the Commission that this is a proper item upon which to base an order authorizing

the issue of stock. The order herein accordingly will authorize the corporation to issue not exceeding \$48,000 par value of stock. The 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 Commission having considered the above entitled matter, and being of the opinion that a public hearing thereon is not necessary, that the application should be granted, as herein provided, that the money, property or labor to be procured or paid for through the issue of \$48,000 par value of stock is reasonably required by Victorville-Barstow Truck Line for the purpose specified herein, that such purpose is not, in whole or in part, reasonably chargeable to operating expenses or to income, and that the request to issue the remaining \$2,000 of stock should be dismissed without prejudice; therefore,

IT IS HEREBY ORDERED as follows:

1. L. L. Mockenhaupt, an individual doing business as Victorville-Barstow Truck Line, after the effective date hereof and on or before July 31, 1950, may sell and transfer to Victorville-Barstow Truck Line, a corporation, the properties and operative rights referred to herein.

2. Victorville-Barstow Truck Line, a corporation, after the effective date hereof and on or before July 31, 1950, for the purpose of paying for said properties and operative rights, may issue not exceeding \$48,000 par value of its capital stock and may assume the payment of outstanding indebtedness of approximately \$15,500.

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

4. Victorville-Barstow Truck Line, a corporation, shall file with the Commission a report, or reports, as required by General Order No. 24-A, which order, insofar as applicable, is made a part of this order.

5. 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 days from the date hereof and on not less than five days' notice to the Commission and the public.

6. The request of Victorville-Barstow Truck Line to issue \$2,000 par value of stock is dismissed without prejudice.

7. This order will become effective twenty (20) days from the date hereof.

Dated at San Francisco, California, this 25th
day of April 1950.

R. E. Indravage
Justin J. Calverley
Wesley H. Luce
Harold P. Ault
Herbert P. Potter
Commissioners