

ORIGINAL

Decision No. 45073

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of)	
CUTLER S. McLENEGAN, ALAN G. McLENEGAN	:	
and HAROLD M. HAYS, doing business as)	
EUREKA GARBERVILLE TRUCK LINE, and	:	
INTERCITY MOTOR LINES for authority for)	
the former to transfer to the latter,	:	Application
and the latter to acquire and issue)	No. 31843
stock in exchange for the operative	:	
rights and other assets of the former,)	
and for authority for the latter to	:	
assume the liabilities of the former.)	
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O P I N I O N

This is an application for an order authorizing the transfer of the operative rights and properties of Eureka Garberville Truck Line to Intercity Motor Lines, and the issue by the latter of \$24,000 par value of its common stock.

The application shows that Cutler S. McLenegan, Alan G. McLenegan and Harold M. Hays, partners doing business as Eureka Garberville Truck Line, are engaged in business as highway common carriers of property between Eureka and Garberville and certain intermediate points, and that Intercity Motor Lines is a corporation engaged in business as a highway common carrier of property between San Francisco and Garberville and certain intermediate points, and between Eureka and Arcata and intermediate points. All the outstanding stock of the corporation (\$25,000 par value) is owned by Cutler S. McLenegan and Harold M. Hays and their wives.

The two carriers operate a single through service between San Francisco and Eureka, interchanging equipment at Garberville. Both act as underlying carriers of Intercity Transport Lines, an

express corporation which also is owned by the McLenegan and Hays families. Because of the identity of interest in the ownership of the two carriers, the applicants in this proceeding, in order to simplify their accounting, desire to consolidate the operations and properties under one ownership and to that end have made arrangements to transfer the rights and properties used in the Eureka Garberville Truck Line operations to Intercity Motor Lines in exchange for \$24,000 par value of stock.

The properties to be thus transferred include three diesel tractors, two van semi-trailers and four delivery trucks, and miscellaneous equipment, all of a reported net value of \$24,569.16, together with operative rights acquired pursuant to authority granted by Decision No. 31836, dated March 20, 1939, and Decision No. 39044, dated June 5, 1946.

It appears that there will be no change in the service as a result of the proposed transfer. On the other hand, it is reported that substantial economies will result by reason of the elimination of separate sets of books, records and tariffs and the substantial volume of intercompany detail work which will not be required if one carrier were performing the entire operation. The proposed transfer will not be adverse to the public interest.

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

ORDER

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 the stock herein authorized is reasonably required by Intercity Motor Lines 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. Cutler S. McLenegan, Alan G. McLenegan and Harold M. Hays, partners doing business as Eureka Garberville Truck Line, after the effective date hereof and on or before February 28, 1951, may transfer to Intercity Motor Lines, a corporation, their operative rights and properties as set forth in this application, and Intercity Motor Lines may acquire such rights and properties, assume the payment of outstanding indebtedness, and issue not exceeding \$24,000 par value of its common capital stock.

2. After the effective date hereof and on not less than five (5) days' notice to the Commission and to the public, 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.

3. Within thirty (30) days after the issue of the stock herein authorized, Intercity Motor Lines 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, and a copy of each journal entry used to record on its books the acquisition of the properties of Eureka Garberville Truck Line.

4. The authority herein granted will become effective twenty (20) days after the date hereof.

Dated at San Francisco, California, this 5th day of December, 1950.

R. E. [Signature]
Justice F. [Signature]
[Signature]
Harold P. [Signature]
[Signature]
Commissioners