

ORIGINAL

Decision No. 45712

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of Water-Land Truck Lines,)
 a corporation doing business as Teskey)
 Transportation Company, to sell, and of)
 Desert Express, a corporation, to pur-)
 chase certificate of public convenience) Application No. 32002
 and necessity authorizing services as)
 a highway common carrier of freight,)
 pursuant to Section 51 of the Public)
 Utilities Act.)

Glanz & Russell, by Theodore W. Russell, for both
 applicants. Theodore Stein for the Public Utilities Commission.

O P I N I O N

By Decision No. 41478, on Application No. 29182, as amended by Decision No. 45711, on Supplemental Application No. 29182, Richards Trucking and Warehouse Co., a corporation, was authorized to sell and transfer to Water-Land Truck Lines, a corporation, the certificate of public convenience and necessity created by Decision No. 18883⁽¹⁾, dated October 4, 1927, including "grandfather right" to operate a freight service by truck, between Los Angeles and Wilmington, via Huntington Park and Long Beach, over Long Beach Boulevard.

(1) Decision No. 18883 authorized applicant to operate between Los Angeles and Wilmington over a new route opened in February, 1923, and known as Harbor Truck Boulevard. The order reads, in part, as follows: "between Los Angeles and the Los Angeles Harbor district, without intermediates between the south boundary of the City of Los Angeles and the north boundary of Wilmington, over and along the following route, to-wit: Via Harbor Truck Boulevard;"

By this application Water-Land Truck Lines seeks authority to sell and transfer said operating rights to Desert Express, a corporation. The latter company requests authority to acquire and operate said highway common carrier service as an extension and enlargement of, and to be consolidated with, its present operating rights between Los Angeles and Lancaster, Mojave, Bakersfield, Kramer, and Atolia. (See Decisions Nos. 41149 and 42385).

A public hearing was held in this matter on April 16, 1951, at Los Angeles, before Examiner Chiesa ⁽²⁾.

The evidence of record shows that seller, Water-Land Truck Lines, in addition to the intrastate operating right herein proposed to be transferred, has interstate rights between Los Angeles and Los Angeles harbor, and between Orange County and the harbor; that its business is predominantly truck-load hauling of interstate freight; that its intrastate operating right cannot be economically integrated with its interstate business because of the less-truck-load character of the local freight, and the large truck equipment used to transport interstate shipments; that it is because of this difference in the two operations, and the desire to handle only interstate shipments, that seller proposes to dispose of its intrastate operations.

(2) The matter was heard on a joint record with Supplemental Application No. 29182, wherein Richards Trucking and Warehouse Co. and Water-Land Truck Lines sought a clarification of the transfer authority granted by Decision No. 41178 on original Application No. 29182.

On the other hand, the president of Desert Express testified that said intrastate right would enable his company to render a more complete service and to operate more economically, as it is principally engaged in the movement of intrastate less-truck-load traffic in the Los Angeles territory and between said territory and the points hereinabove mentioned. An estimated increase of approximately \$400 per month in net income would result from the acquisition of this operating right, according to the witness.

No property other than said operating right is to be transferred. The agreement of sale, dated November 17, 1950, (Exhibit A attached to the application), provides that the purchase price of said certificate shall be Seventy-five Hundred (\$7,500.00) Dollars, payable \$500.00 upon the execution of the agreement, the balance to be paid in thirty-six (36) equal monthly installments, together with interest at the rate of five per cent (5%) per annum from the date of approval of the transfer by this Commission. No note is involved in the transaction.

The president of Water-Land Truck Lines testified that this operating right was originally acquired along with other intangible properties which have never been separately evaluated, and therefore he was unable to assign any book value or original cost to said right.

As of December 31, 1950, the financial condition of Desert Express was as follows:

| | | |
|--|-------------|-----------------|
| Current Assets | \$26,408.25 | |
| Other tangible property | 45,999.74 | |
| Intangible property | 15,625.11 | |
| Investments and advances | 2,382.09 | |
| Deferred debits | 6,519.80 | |
| | <hr/> | |
| Total assets | | \$96,935.99 |
| Current liabilities | \$20,814.67 | |
| Advances payable (Affiliated companies not subject to current settlement) | 54,393.90 | |
| Equipment and other long term obligations | 11,940.00 | |
| Deferred credits | 50.00 | |
| Reserves | 750.63 | |
| | <hr/> | |
| Total liabilities | | \$87,949.20 |
| Net worth | | 8,986.79 |
| Represented by | | |
| Capital stock outstanding (450 common shares) | | 45,000.00 |
| Deficit | | <hr/> 36,013.21 |
| | | \$ 8,986.79 |

Net profit for the year ending December 31, 1950, was \$2,924.59. Applicant's president testified that, for the first two months of 1951, the business operated at a small profit. The "advances payable" amounting to \$54,393.90 consist of obligations to stockholders and affiliated companies, and are not represented by promissory notes, nor is any interest payable thereon. Interest on long term and equipment obligations is at the rate of 6% per annum.

The Commission, having considered the evidence is of the opinion and finds the proposed sale and transfer will not be adverse to the public interest. The proposed sale will be authorized.

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

O R D E R

A public hearing having been held in the above-entitled proceeding, the Commission being fully advised in the premises, and good cause appearing,

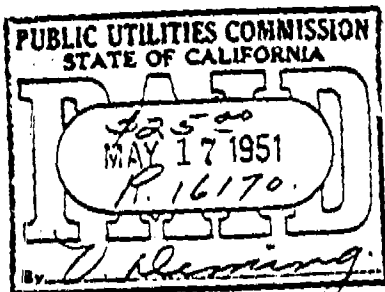
IT IS ORDERED:

(1) That Water-Land Truck Lines, a corporation, may sell and transfer, after the effective date hereof, to Desert Express, a corporation, the operative right acquired pursuant to the authority granted by Decision No. 41478, dated April 20, 1948, as amended by Decision No. 45711, dated *May 15*, 1951, said sale and transfer to be made upon the terms and conditions of the agreement of sale filed with this application as Exhibit A. Desert Express is authorized to purchase said operative right and incur an indebtedness therefor, as set forth in said agreement.

(2) That Desert Express, a corporation, 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 effective date hereof and on not less than five (5) days' notice to the Commission and to the public.

(3) That the authority herein granted will become effective upon the payment of the minimum fee prescribed by Section 57 of the Public Utilities Act, which fee is Twenty-five (\$25.00) Dollars.

Dated at San Francisco, this 15th day of May, 1951.



[Signature]
Justus J. Craven
Harold P. Kula
Ed. E. [Signature]
COMMISSIONERS