

Decision No. 45970**ORIGINAL**

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of J. A. NEVIS TRUCKING, INC., a California Corporation, for Authority to Issue Shares of Its Capital Stock, and of JOE A. NEVIS, doing business as JOE A. NEVIS TRUCKING, to Transfer Permits and Certificates to J. A. NEVIS TRUCKING, INC., a California Corporation.

Application  
No. 32351

**O P I N I O N**

This is an application for an order authorizing Joe A. Nevis, hereinafter referred to as Seller, to sell and transfer operative rights and properties to J. A. Nevis Trucking, Inc., a corporation, and authorizing said corporation to issue 39,997 shares of capital stock without par value.

It appears that Seller, doing business as Joe A. Nevis Trucking, is engaged in business as a highway common carrier of property within the State of California, having certificates of public convenience and necessity granted by this Commission and by the Interstate Commerce Commission, and also certain city carrier permits. For the year 1950 and the first three months of 1951, he has reported his operating revenues and expenses as follows:

	1950	1951 3 Months
Operating revenues	\$1,974,695	\$602,550
Operating expenses	<u>1,829,323</u>	<u>576,973</u>
Net operating revenue	145,372	25,577
Income charges - net	<u>12,620</u>	<u>4,956</u>
Net income	132,752	20,621
Provision for income taxes	<u>79,966</u>	<u>8,500</u>
Balance	<u>\$ 52,786</u>	<u>\$ 12,121</u>

In Exhibit B filed in this proceeding, Seller has furnished a statement showing in some detail his assets, liabilities and net worth as of March 31, 1951. A summary of the same is shown in the following tabulation:

<u>Assets</u>	
Tangible property	\$711,576.73
Less- Depreciation reserve	<u>262,977.07</u>
	448,599.66
Unfinished construction	25,076.85
Franchises	<u>1,164.60</u>
Sub-total	474,841.11
Current assets	181,621.98
Deferred debits	<u>46,436.72</u>
Total	<u>\$702,899.81</u>
<u>Liabilities and Net Worth</u>	
Current and accrued liabilities	\$264,136.20
Equipment obligations	354,750.00
Net worth	<u>84,013.61</u>
Total	<u>\$702,899.81</u>

Seller's 1950 annual report shows that at the close of the year he had 10 trucks, 30 truck tractors, 46 semi-trailers and 10 full trailers, together with service cars and equipment, shop and garage equipment, and furniture and other equipment. In addition, he has been granted by the Commission, by Decision No. 45752, dated May 22, 1951, in Application No. 31331, a certificate of public convenience and necessity to transport commodities over certain routes in the state, in lieu of rights formerly held by him.

The present application shows that Seller is of the opinion that the expanding demands on his business, service and operations can best be met by a corporate organization, that he has caused to be organized the corporation, which is an applicant in this proceeding, and that he proposes to transfer to it his operative rights and properties, subject to outstanding liabilities, in exchange for 39,997 shares of stock.

The Commission has considered this matter and is of the opinion that the proposed transfer will not be adverse to the public interest. 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.

The figures appearing in the balance sheet set forth in this opinion are those reported by Seller reflecting the cost of his properties. The action taken herein shall not be construed to be a finding of the value of such properties.

#### 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 the stock herein authorized is reasonably required by J. A. Nevis Trucking, Inc. 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. Joe A. Nevis, doing business as Joe A. Nevis Trucking, after the effective date hereof and on or before December 31, 1951,

may transfer his operative rights and properties to J. A. Nevis Trucking, Inc., in accordance with the terms and conditions set forth herein, and J. A. Nevis Trucking, Inc., in consideration for such transfer, may assume the payment of the outstanding indebtedness set forth in the balance sheet appearing in the foregoing opinion and may issue not exceeding 39,997 shares of its capital stock.

2. 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 on not less than one (1) day's notice to the Commission and to the public.

3. J. A. Nevis Trucking, Inc., shall file with the Commission monthly reports as required by General Order No. 24-A, which order, insofar as applicable, is made a part of this order.

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

Dated at San Francisco, California, this 24<sup>th</sup> day of July, 1951.

Chas. J. Johnson  
Arthur L. Grier  
Harold P. Hale  
Herbert H. Lott  
Robert E. McCall  
Commissioners.