

ORIGINAL

Decision No. 46851

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of:)
 :
 M. A. GILARDY, an individual)
 doing business as INTERLINES)
 MOTOR EXPRESS, to sell a highway)
 common carrier truck line; and of)
 :
 INTERLINES MOTOR EXPRESS, a)
 corporation, to purchase a)
 highway common carrier truck)
 line and to issue its capital)
 stock and note therefor.)
 -----)

Application
No. 33169

O P I N I O N

M. A. Gilardy, one of the applicants herein, is a highway common carrier of property doing business under the firm name and style of Interlines Motor Express. In this application he reports that he desires to incorporate his business and that he has made arrangements, and now asks permission, to transfer his operative rights and properties to Interlines Motor Express, a corporation he has caused to be organized for the purpose of receiving such rights and properties and thereafter of continuing the operations. The corporation seeks authority to issue \$76,230 par value of its common stock and a 5% demand note in the principal amount of \$27,500 in return for the transfer of said rights and properties.

The operative rights proposed to be transferred were acquired by Gilardy pursuant to authority granted by Decision No. 43106, dated July 6, 1949, and Decision No. 46030, dated July 31, 1951, and permit operations between Sacramento and Redding and other points and between San Francisco and certain East Bay points, on the one hand, and Sacramento and certain intermediate points, on the

other hand, as set forth in said decisions. The properties include 2 trucks, 20 tractors, 23 trailers, 4 dollies, 1 pickup, 2 bobtails, 3 passenger vehicles, together with office furniture and equipment and miscellaneous items of property.

As Exhibit C-1 applicants have filed a pro forma balance sheet showing the original cost of the properties and equipment to be transferred and to the issue of securities. The statement is summarized as follows:

Assets

Current assets -		
Cash	\$ 2,890.00	
Accounts receivable	27,820.00	
Total current assets		\$ 30,710.00
Property and equipment -		
Trucks, trailers and autos	188,811.79	
Furniture, fixtures, equipment	18,445.37	
Sub-total	207,257.16	
Less-depreciation reserves	62,749.89	
Net plant and equipment		144,507.27
Intangible capital		2,000.00
	Total	<u>\$177,217.27</u>

Liabilities

Current liabilities -		
Accounts payable	\$ 3,213.48	
Taxes payable	3,930.55	
Contracts payable, less than one year	36,936.26	
Total current liabilities		\$ 44,080.29
Contracts payable later than one year		24,806.98
Note payable to James Dwyer		4,600.00
Note payable to M. A. Gilardy		27,500.00
Total liabilities		100,987.27
Capital stock		76,230.00
	Total	<u>\$177,217.27</u>

It appears there will be no change in the operations as a result of the proposed transfer. Accordingly, we are of the opinion that the transaction will not be adverse to the public interest and should be authorized.

In making the order in this proceeding we wish to place applicants 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 as 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 the stock and note herein authorized is reasonably required by applicant corporation 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. M. A. Gilardy, after the effective date hereof and on or before September 30, 1952, may transfer to Interlines Motor Express, a corporation, the certificates of public convenience and necessity acquired by him under authority granted by Decision No. 43106 and Decision No. 46030 and the properties to which reference is made in the preceding opinion, and Interlines Motor Express may acquire the same and assume the payment of outstanding indebtedness,

such transfer to be made in accordance with the conditions outlined in this application.

2. Interlines Motor Express, a corporation, after the effective date hereof and on or before September 30, 1952, may issue not exceeding \$76,230 par value of its capital stock and its note in the principal amount of not exceeding \$27,500, in part payment for said rights and properties.

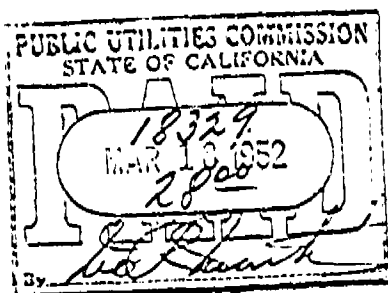
3. The action taken herein shall not be construed to be a finding of the value of the rights and properties herein authorized to be transferred.

4. Interlines Motor Express, a corporation, 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.

5. On not less than five (5) days' notice to the Commission and to the public, Interlines Motor Express, a corporation, shall comply with the provisions of General Order No. 80 and Part 14 of General Order No. 99, by filing, in triplicate, and concurrently making effective, appropriate tariffs and time tables.

6. The authority herein granted will become effective when Interlines Motor Express, a corporation, has paid the fee prescribed by Section 1904 of the Public Utilities Code, which fee is twenty-eight (\$28.00) dollars.

Dated at San Francisco, California, this 17th day of March, 1952.



[Signature]
President
Justice J. Deane
[Signature]
[Signature]

Commissioners