

ORIGINAL

Decision No. 47129

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application)
of CAL-CENTRAL TRUCKING CO. INC.,)
a California corporation, formerly)
known as RISKE TRUCKING CO., INC., for)
authority to issue its capital stock)
and its notes,)
and)
Application of RISKE TRUCKING CO., a)
Limited Copartnership, and DONALD A.)
MITCHELL and GEORGE VERNON CLARK, the)
General Partners thereof, for author-)
ity to transfer assets to CAL-CENTRAL)
TRUCKING CO., INC., in exchange for its)
capital stock and notes.)
-----)

Application
No. 33294

O P I N I O N

This is an application for an order authorizing the transfer of the rights and properties of Riske Trucking Co., a copartnership, to Cal-Central Trucking Co., Inc., a corporation, and the issue by the corporation of \$360,349.80 of common stock and \$49,751.50 of notes.

The application shows that the Riske Trucking Co. is a copartnership composed of Donald A. Mitchell and George Vernon Clark, as general partners, and Margaret Bowden Dwyer, C. J. Hopkinson, H. T. Russell and N. B. Morse, as limited partners, that said partnership is engaged in transporting property as a highway common carrier within the State of California, and that it now desires to incorporate its business and to transfer operative rights and properties to Cal-Central Trucking Co., Inc., a corporation which was organized on December 31, 1951, for the purpose of

receiving the same and thereafter of continuing the operations. (1)

The arrangements made for the transfer of the rights and properties provide that the partnership will transfer all its business and assets as of the close of business on December 31, 1951, to the corporation and that the corporation will issue and deliver to each of the general partners its unsecured note in the principal amount of \$3,877.13, payable on or before ten years after its date without interest, that it will issue to each of the limited partners two unsecured promissory notes, one in the principal amount of \$10,000 bearing interest at the rate of 5%, payable on or before ten years after date, and the other in the principal amount of \$499.31, payable on or before ten years after its date without interest, and that it will issue its stock in the aggregate amount of \$360,349.80 for distribution to said partners at the rate of 40% to each of the general partners and 5% to each of the limited partners. A pro forma balance sheet giving effect to the transfer of the rights and properties and to the issue of the stock and notes has been filed in this proceeding as Exhibit E. A summary of said balance sheet is as follows:

(1) The records of the Commission show that the highway common carrier operative rights were obtained by the partnership under the following decisions:

Decision No. 43731, dated January 24, 1950, in Application No. 30322, permitting operations as a highway common carrier of shipments of 20,000 pounds or more between Sacramento, nearby points and Stockton, on the one hand, and San Francisco territory, on the other.
Decision No. 43779, dated February 7, 1950, in Application No. 30322, amending Route No. 4 of said Decision No. 43731.
Decision No. 45330, dated February 6, 1951, in Application No. 31657, extending service to a point near Sacramento.
Decision No. 46242, dated October 2, 1951, in Application No. 32190, granting an extension to transport empty containers.

Assets

Current assets -		
Cash	\$12,444.34	
Accounts receivable	74,414.41	
Materials and supplies	90,982.06	
Prepaid expenses	<u>6,082.70</u>	
Total current assets		\$183,923.51
Fixed assets		674,842.75
Other assets		<u>2,000.00</u>
	Total	<u>\$860,766.26</u>

Liabilities

Current liabilities		\$ 69,032.75
Long-term liabilities -		
Real estate contract	\$110,512.00	
Equipment notes and contracts	271,120.21	
Notes payable to stockholders	<u>49,751.50</u>	
Total long-term liabilities		431,383.71
Capital stock subscribed		<u>360,349.80</u>
	Total	<u>\$860,766.26</u>

The application shows that the assets and the liabilities will be transferred to the corporation at the amounts at which they appear on the balance sheet, except for changes occurring in the usual course of business between the date of the balance sheet and the date of transfer.

The Commission has reviewed this matter and is of the opinion that the proposed transfer will not be adverse to the public interest. 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 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 by the issue of the stock and notes herein authorized is reasonably required by Cal-Central Trucking Co., Inc. for the purposes specified herein; and that such purposes are not, in whole or in part, reasonably chargeable to operating expenses or to income; therefore,

IT IS HEREBY ORDERED as follows:

1. Riske Trucking Co., a copartnership, and the general and limited partners thereof, after the effective date hereof and on or before September 30, 1952, may transfer their operative rights and properties to Cal-Central Trucking Co., Inc.

2. Cal-Central Trucking Co., Inc., after the effective date hereof and on or before September 30, 1952, in acquiring said rights and properties, may assume the payment of outstanding indebtedness and may issue promissory notes in the aggregate amount of \$49,751.50 and capital stock in the amount of \$360,349.80, under the terms and conditions set forth in this application.

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. On not less than five (5) days' notice to the Commission and to the public, Cal-Central Trucking Co., Inc. 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.

5. Cal-Central Trucking Co., 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.

6. The authority herein granted will become effective when Cal-Central Trucking Co., Inc. has paid the fee prescribed by Section 1904(b) of the Public Utilities Code, which fee is fifty (\$50.00) dollars.

Dated at San Francisco, California, this 13th day of May, 1952.

A. J. [Signature]
President

Justice F. [Signature]
Harold [Signature]

[Signature]
[Signature]
Commissioners

