

**ORIGINAL**

Decision No. 48173

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of	)	
HULSMAN TRANSPORTATION CO.,	:	
a partnership, for permission to sell and	)	
transfer to Hulsman Transportation Co.,	:	
a corporation, its operative properties and	)	
rights as carrier; and of	:	Application .
HULSMAN TRANSPORTATION CO.,	)	No. 34000
a corporation, to sell and issue to the	:	
partnership 7280 shares of its stock of	)	
the par value of \$10.00 per share as con-	:	
sideration for said properties and \$10,000.	)	
in cash.	:	
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O P I N I O N

This is an application for an order of the Commission authorizing Walter C. Hulsman and Lawrence B. Hulsman, doing business as Hulsman Transportation Co., to transfer operative rights and properties to Hulsman Transportation Co., a corporation, and authorizing said corporation to issue 7,280 shares of its common stock, of the par value of \$10 each and of the aggregate par value of \$72,800, in payment.

The application shows that Walter C. Hulsman and Lawrence B. Hulsman are engaged in business as radial highway common carriers, highway contract carriers and city carriers with their headquarters at Santa Rosa, and, in addition, as petroleum irregular route carriers under a certificate of public convenience and necessity granted by the Commission in Decision No. 44561, dated July 25, 1950, permitting the transportation of petroleum and petroleum products in tank trucks and tank trailers between all points and places in the State of California, and as a carrier in interstate commerce under a certificate of public convenience and necessity granted by the Interstate Commerce Commission on October 18, 1949. They have reported their operating revenues and net income before provision for income taxes, for the calendar

years 1950 and 1951 and for the first eleven months of 1952, as follows:

	<u>1950</u>	<u>1951</u>	<u>1952</u> <u>11 Months</u>
Operating revenues	\$246,894	\$282,732	\$251,477
Net income, before provision for income taxes	49,990	45,176	53,966

According to the application, the properties used in the operations include 4 trucks, 23 tractors, 15 trailers and 25 semi-trailers, together with service cars, dollies, shop and garage equipment and furniture and fixtures.

It appears that the present operators desire to incorporate their business and that they have caused Hulsman Transportation Co. to be organized to take over the properties and thereafter to continue the operations. It is intended that the transfer will be made free and clear of all indebtedness except current obligations aggregating \$15,900, representing moneys borrowed for the purchase of equipment. In addition to the physical properties, the present operators will advance \$10,000 in cash to the corporation for working capital and in exchange for their assets and cash payment will receive 7,280 shares of the common stock of the corporation. A pro forma balance sheet as of January 1, 1953, giving effect to the transfer of the properties and the issue of the shares of stock by the corporation, is as follows:

<u>Assets</u>		
Cash in bank		\$10,000.00
Fixed assets -	Depreciation	
	Cost	Reserve
Revenue equipment	\$186,683.24	\$119,172.34
Automobiles & service cars	9,723.65	3,206.66
Shop & garage equipment	1,879.09	1,279.28
Office furniture & fixtures	283.70	226.58
Miscellaneous equipment	2,311.68	531.80
	<u>200,881.36</u>	<u>124,416.66</u>
Intangibles		76,464.70
Deferred charges		17.07
		<u>2,218.23</u>
Total		<u>\$88,700.00</u>
<u>Liabilities and Capital</u>		
Notes payable		\$15,900.00
Capital stock		<u>72,800.00</u>
Total		<u>\$88,700.00</u>

Upon reviewing this matter we are of the opinion that the proposed transfer will not be adverse to the public interest and should be authorized. In making the order herein we wish to place Hulsman Transportation Co. 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.

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.

O R D E R

The Commission having considered the above entitled matter, and being of the opinion that a public hearing 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 herein authorized is reasonably required by applicant 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. Walter C. Hulsman and Lawrence B. Hulsman, doing business as Hulsman Transportation Co., on and after the effective date hereof and on or before June 30, 1953, may transfer their properties and their certificate of public convenience and necessity granted by

Decision No. 44581, dated July 25, 1950, to Hulsman Transportation Co., a corporation, under the terms and conditions outlined in this application.

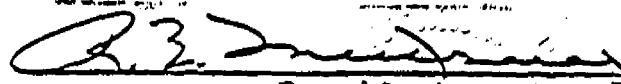
2. Hulsman Transportation Co., a corporation, on and after the effective date hereof and on or before June 30, 1953, may issue not exceeding 7,280 shares of its common stock, of the par value of \$10 each, for cash for the purpose of providing working capital and in payment for the rights and properties of Walter C. Hulsman and Lawrence B. Hulsman, and may assume the payment of outstanding indebtedness in the amount of \$15,900.

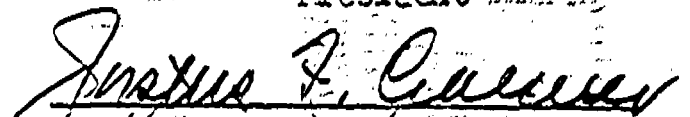

3. Within sixty (60) days after the effective date hereof and on not less than five (5) days' notice to the Commission and to the public, Hulsman Transportation Co., a corporation, shall file, in triplicate, and concurrently make effective, appropriate tariffs and time tables.



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

Dated at San Francisco, California, this 19<sup>th</sup> day of January, 1953.

  
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President

  
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Commissioners