

**ORIGINAL**

Decision No. 48261

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of	)	
E. J. WILLIG TRUCK TRANSPORTATION CO.,	:	
a corporation, to merge into WILLIG	)	Application
FREIGHT LINES, a corporation, and	:	No. 34054
for authority for WILLIG FREIGHT	)	
LINES to issue stock.	:	
-----	)	

O P I N I O N

In this proceeding the Commission is asked to enter an order authorizing E. J. Willig Truck Transportation Co. and Willig Freight Lines to merge their properties and business. By the terms of the agreement of merger (Exhibit D) Willig Freight Lines has been designated as the surviving corporation.

E. J. Willig Truck Transportation Co. is a highway common carrier of property operating generally between Los Angeles and San Francisco and Willig Freight Lines is a highway common carrier of property operating between San Francisco and Fort Bragg and intermediate points. The corporations are affiliated. Each has the same directors and the stock of each is owned or controlled by the same interests.<sup>1/</sup> In addition, each has been authorized by the Commission to establish joint through highway common carrier rates with other carriers and with each other. (Decision No. 45784, dated May 29, 1951, and Decision No. 47714, dated September 16, 1952.)

<sup>1/</sup> The application shows the outstanding stock of the two corporations to be held as follows:

	<u>Willig Freight</u>	<u>E. J. Willig</u>
Edward J. Willig	\$25,000	\$39,269
Tillie S. Willig	-	38,668
Emma M. Boldt	-	<u>14,970</u>
Total	<u>\$25,000</u>	<u>\$92,907</u>

According to financial statements filed in this proceeding, E. J. Willig Truck Transportation Co. during 1952, up to September 30, had gross operating revenues of \$1,468,176.28 and net operating revenues of \$4,469.19, and Willig Freight Lines gross operating revenues of \$188,308.91 and a net operating loss of \$4,273.18. The assets, liabilities and net worth of the two corporations, as of September 30, 1952, are summarized as follows:

	<u>Willig Freight Lines</u>	<u>E. J. Willig Tr. Trans. Co.</u>
<u>Assets</u>		
Current assets	\$26,075.85	\$220,768.36
Tangible assets-net of depreciation	61,773.30	462,371.93
Intangible assets	578.75	19,323.64
Deferred debits	<u>90.46</u>	<u>5,283.44</u>
Total	<u>\$88,518.36</u>	<u>\$707,747.37</u>
<u>Liabilities and Net Worth</u>		
Current liabilities	\$36,576.04	\$216,951.87
Long-term obligations	28,274.46	305,757.41
Deferred credits	<u>541.45</u>	<u>8,560.44</u>
Sub-total	<u>65,391.95</u>	<u>531,269.72</u>
Net worth -		
Common stock	25,000.00	92,907.00
Surplus	<u>(1,873.59)</u>	<u>83,570.65</u>
Total net worth	<u>23,126.41</u>	<u>176,477.65</u>
Total	<u>\$88,518.36</u>	<u>\$707,747.37</u>

The application shows that the directors and shareholders of the two corporations have concluded to merge the properties and operations and that, to accomplish this end, they have approved an agreement of merger whereby the separate existence of E. J. Willig Truck Transportation Co. will cease and Willig Freight Lines, as the surviving corporation, will succeed to and become the owner of all the operative rights and assets of the other, subject to all its debts and liabilities. Under the terms of the agreement, the holders of the shares of stock of E. J. Willig Truck Transportation Co. will surrender their shares for cancellation and will receive

1,500 shares (\$150,000 par value) of the stock of Willig Freight Lines, to be distributed in proportion to the shares which each now holds in E. J. Willig Truck Transportation Co.

The issue by Willig Freight Lines of \$150,000 par value of its stock, upon cancellation of the presently outstanding \$92,907 of stock, will result in permanently capitalizing \$57,093 of the earned surplus of the merged corporation. Upon the conclusion of the transaction the surviving corporation will have \$175,000 of stock outstanding with a balance in its surplus account, based on the September 30, 1952, balance sheet figures, of approximately \$26,000. It appears that the merger will result in no curtailment of service to the public. According to the application it should result in savings in operating expenses through the elimination of separate accounting records and reports.

Upon a review of this matter we are of the opinion that the merger will not be adverse to the public interest, that the money, property or labor to be procured or paid for by the issue of the \$150,000 of stock is reasonably required for the purposes specified herein, and that such purposes are not, in whole or in part, reasonably chargeable to operating expenses or to income.

The action taken herein shall not be construed to be a finding of the value of the properties to be merged. Willig Freight Lines 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 this matter and being of the opinion that a public hearing is not necessary and that the application should be granted, as herein provided; therefore,

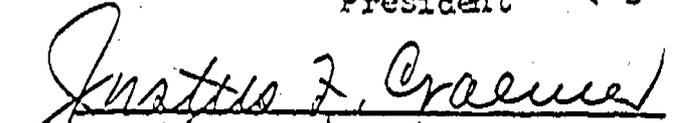
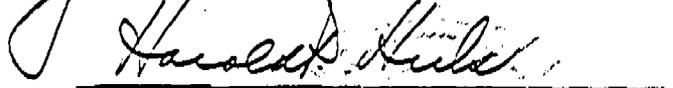
IT IS HEREBY ORDERED as follows:

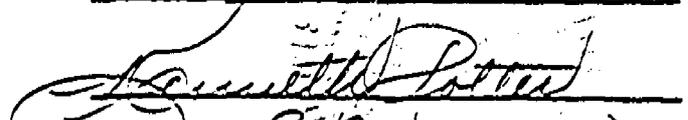
1. E. J. Willig Truck Transportation Co. and Willig Freight Lines are authorized to execute the agreement of merger filed in this proceeding as Exhibit D, whereby E. J. Willig Truck Transportation Co. is merged into Willig Freight Lines.
2. Willig Freight Lines is authorized to be substituted as a party to the joint through highway common carrier rates now authorized for E. J. Willig Truck Transportation Co.
3. Willig Freight Lines is authorized to issue \$150,000 par value of its common stock on or before June 30, 1953, for the purposes set forth in this application.
4. Within sixty days after the effective date hereof and on not less than five days' notice to the Commission and to the public, Willig Freight Lines shall file, in triplicate, and concurrently make effective, appropriate tariffs and time tables.
5. Willig Freight Lines 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 twenty days after the date hereof.

Dated at San Francisco, California, this 17<sup>th</sup> day of February, 1953.

  
President

  
  
Commissioners