

ORIGINAL

Decision No. 48753

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of SANDERCOCK TRANSFER CO., a corporation, for authority to transfer certificates of public convenience and necessity to KEYSER BROS. TRUCKING CO., a corporation.)))))))	Application No. 34240
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In the Matter of the Application of KEYSER BROS. TRUCKING CO., a corporation, for a Permit to Issue and Sell its Shares.)))))))	Application No. 34336
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Edward M. Berol for applicant, Sandercock Transfer Co.
John B. Young for applicant, Keyser Bros. Trucking Co.
F. Coleman for the Commission Staff.

O P I N I O N

Application No. 34240 requests authorization by Sandercock Transfer Co., a corporation, to transfer its operative rights as a common carrier of livestock and as a highway common carrier of petroleum products to a corporation newly formed and presently without any assets. The latter corporation is named Keyser Bros. Trucking Co. The cash price for the operative rights is stated as \$1,000.

Application No. 34336 is filed on behalf of Keyser Bros. Trucking Co. a newly formed California corporation and requests authority for the original issuance of \$1.00 par value stock in the aggregate amount of \$18,000, to Ivo S. Keyser, Gerald W. Keyser and Harold M. Keyser who are brothers related to the Sandercock family. This money is to be used to purchase the two certificates of public convenience and necessity, to pay the expenses connected therewith and to provide working capital for the operation of the transportation business sought to be acquired. The applications were consolidated for hearing.

Public hearing was held in San Francisco before Examiner Rowe on June 5, 1953, at which time oral and documentary evidence was

adduced and the matters were duly submitted for decision.

Sandercock Transfer Co. has been successfully operating under the certificates of public convenience herein sought to be transferred as well as under authorizations to act as a warehousoman and as a household furniture transfer operator for several years.

It is proposed that after paying for acquiring the operative rights above referred to and paying expenses connected therewith the balance shall be used as working capital. No real property, furniture or equipment is to be purchased but the seller will execute with the purchaser a six-year lease of all real estate and equipment needed for an aggregate monthly rental of \$2,750. The leases provide for a five-day cancellation in the event of any default by the lessee. The lessee agrees to set up a reserve to acquire and lease new equipment as that now owned becomes obsolete or unserviceable. The leases contain no provision whereby any equity in the leased property may be acquired by the lessees.

By this arrangement a reliable firm would sell operating rights to a corporation with inadequate financial resources and the latter corporation would own no operative equipment or property but merely hold a tenuous lease thereof at a very substantial rental. This proposal appears to be and is hereby found to constitute a transaction adverse to the public interest. Also, in view of the safeguards imposed by the lessor to assure against any financial loss the testimony of the seller's secretary and manager that the personnel of the purchaser is experienced and competent is viewed with caution. Since Application No. 34240 is to be denied it appears that Application No. 34336 should also be denied because the two are interdependent.

O R D E R

A public hearing having been held in the above-entitled

proceedings and the matters having been duly submitted,

IT IS ORDERED:

(1) That Application No. 34240 be, and it hereby is denied.

(2) That Application No. 34336 be, and it hereby is denied.

The effective date of this order shall be twenty days after the date hereof.

Dated at San Francisco, California, this 24th day of June, 1953.

R. T. Anderson
PRESIDENT
Justice J. Calver
Samuel T. Potts
John L. H. Hill

COMMISSIONERS

Commissioner Harold P. Huls, being necessarily absent, did not participate in the disposition of this proceeding.