

Decision No. 48924**ORIGINAL**

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application)
of V. B. MORGAN and E. R. TEMPLE,)
copartners doing business as V. B.)
MORGAN CO. to transfer Certificate)
of Public Convenience and Necessity,)
Permits and property to V. B.)
MORGAN CO., a corporation, and for)
V. B. MORGAN CO., a corporation,)
to issue stock and assume certain)
obligations.)

Application No. 34504

O P I N I O N

In this proceeding V. B. Morgan and E. R. Temple, co-partners, doing business as V. B. Morgan Co., seek authority to transfer to V. B. Morgan Co., a corporation, their certificate of public convenience and necessity which authorized them to establish and operate a service as a petroleum irregular route carrier for the transportation of petroleum and petroleum products in tank trucks and tank trailers between all points and places in California.¹ In addition, V. B. Morgan Co., a corporation, seeks authority to issue 2,500 shares of no par value stock in exchange for the assets of the partnership and subject to the liabilities of the partnership, of an estimated net worth of \$55,209.92.²

A copy of the Articles of Incorporation of V. B. Morgan Co., a California corporation, is attached to the application

¹ Decision No. 44539, dated July 18, 1950, on Application No. 30956; Decision No. 46106, dated August 20, 1951, on Application No. 32543.

² See balance sheet attached to the application.

and shows that the incorporators are Vernace B. Morgan, H. R. Temple and J. E. Blanchard. The purposes for which the corporation was formed include, among others, petroleum hauling and a general trucking and hauling business. It is authorized to issue a total of 2,500 shares of stock without nominal or par value.

The transfer offer, a copy of which is attached to the application, recites that the partners will transfer to the corporation the assets of the partnership, subject to the liabilities of the partnership, in exchange for 2,500 shares of no par value stock of the corporation.

The application alleges that the corporation was formed to acquire all of the assets of the partnership of V. B. Morgan and H. R. Temple, subject to the liabilities of the partnership and for the purpose of issuing the capital stock of the corporation to V. B. Morgan and H. R. Temple, the former partners; that there is no change in personnel and no change in assets or liabilities.

The proposed transfer is not adverse to the public interest, and it is our conclusion that the authority sought, including the stock issue, should be granted. A public hearing is not necessary. Such authority shall not be construed to be a finding of value of the property rights herein authorized to be transferred.

V. B. Morgan Co., a 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 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 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 shares of stock herein authorized is reasonably required by the 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, ✓ ✓ ✓

IT IS ORDERED:

(1) That V. B. Morgan and H. R. Temple be, and they hereby are, authorized to sell and transfer to V. B. Morgan Co., a corporation, the certificate of public convenience and necessity acquired by Decision No. 46106, dated August 20, 1951, on Application No. 32543, and said V. B. Morgan Co., a corporation, be, and it hereby is, authorized to purchase and acquire said certificate in accordance with the terms of the offer dated June 22, 1953, and attached to the aforesaid application herein.

(2) That applicants shall file in triplicate, and concurrently make effective, appropriate tariffs within sixty days from the effective date hereof, and on not less than one day's notice to the Commission and the public.

IT IS FURTHER ORDERED:

(1) That V. B. Morgan Co., a corporation, may, within sixty days from the effective date of this order, issue and sell 2,500 shares of its no par value corporate stock to V. B. Morgan and H. R. Temple in exchange for the assets of the partnership and subject to the liabilities of the partnership.

(2) That within thirty days after the issue of said stock, V. B. Morgan Co., a corporation, shall file with the Commission a report as required by the Commission's General Order No. 24-A, which order, in so far as applicable, is made a part of this order.

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

Dated at San Francisco, California, this
4th day of August, 1953.

R. E. Dunning
President

Justin F. Calmer
Harold A. Hills

Herbert H. Pottel
John E. McNeill
Commissioners