

ORIGINAL

Decision No. 49726

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the matter of the Application of)
PARTON OIL CO., INC.,)
For Leave to Issue and Sell Securities.)
-----)

Application
No. 34827

In the Matter of the Application of)
IRA D. PARTON and ELSIE A. PARTON,)
doing business as PARTON TRANS-)
PORTATION COMPANY, to transfer their)
certificate and operative property to)
PARTON OIL CO., INC., under Section)
851-853 of the Public Utilities Code.)
-----)

Application
No. 35142

O P I N I O N

Ira D. Parton and Elsie A. Parton, doing business as Parton Transportation Company, are engaged in the operation of a petroleum irregular route carrier service. They report they desire to incorporate their business and accordingly they now seek authorization from the Commission to transfer their operative rights and properties to a corporation which they have caused to be organized for the purpose of receiving such rights and properties and of continuing the operations. The new corporation, which is named Parton Oil Co., Inc., seeks authorization to issue 500 shares of its common stock, of the aggregate par value of \$50,000.

The rights to be transferred to the corporation are represented by a certificate of public convenience and necessity established by the Commission by Decision No. 44352, dated June 20, 1950, in Application No. 31181. The properties include the trucks, trailers, automobiles and office and other assets and equipment, as

set forth in some detail in these proceedings. A balance sheet of Parton Oil Co., Inc. as of August 31, 1953, giving effect to the transfer of the rights and properties and the issue of stock, is as follows:

<u>Assets</u>		
Current assets -		
Cash	\$38,053.91	
Notes and accounts receivable	<u>27,687.96</u>	
Total current assets		\$65,741.87
Fixed assets -		
Cost	76,573.57	
Less depreciation reserve	<u>50,440.55</u>	
Net fixed assets		26,133.02
Prepaid expenses		1,804.53
Organization expense		<u>159.54</u>
Total		<u>\$93,838.96</u>

<u>Liabilities</u>		
Current liabilities		\$20,559.86
Long-term liabilities		4,132.75
Accrued payroll taxes		<u>135.35</u>
Total liabilities		24,827.96
Net worth -		
Capital stock	\$50,000.00	
Operating profit	<u>19,011.00</u>	
Total net worth		<u>69,011.00</u>
Total		<u>\$93,838.96</u>

Upon reviewing these applications we are of the opinion that the proposed transfer will not be adverse to the public interest and 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 applicant corporation for the purpose specified, which purpose is not, in whole or in part, reasonably chargeable to operating expenses or to income.

In making our order at this time we wish to place applicants 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 matters, and being of the opinion that a public hearing is not necessary and that the applications should be granted, as herein provided; therefore,

IT IS HEREBY ORDERED as follows:

1. Ira D. Parton and Elsie A. Parton, doing business as Parton Transportation Company, may transfer to Parton Oil Co., Inc. their operative rights represented by the certificate of public convenience and necessity established by Decision No. 44352, dated June 20, 1950, and their properties, as set forth in these proceedings.

2. Parton Oil Co., Inc., in payment for such rights and properties, may assume the outstanding indebtedness of Ira D. Parton and Elsie A. Parton and may issue not exceeding 500 shares of its common stock, of the aggregate par value of \$50,000.

3. Within 60 days after the effective date hereof and on not less than five days' notice to the Commission and to the public, applicants shall supplement or reissue the tariffs on file with the Commission naming rates, rules and regulations governing the common carrier operations here involved to show that Ira D. Parton and Elsie A. Parton, doing business as Parton Transportation Company, have withdrawn or canceled and Parton Oil Co., Inc. has adopted or established as its own said rates, rules and regulations. The tariff filings made pursuant to this order shall comply in all respects with the regulations governing the filing and construction of tariffs set forth in the Commission's General Order No. 80.

4. Parton Oil Co., Inc. shall file with the Commission a report, or 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 20 days after the date hereof.

Dated at San Francisco, California, this 2nd day of March, 1954.

A. Z. [Signature]
President

Justus F. [Signature]

[Signature]

[Signature]

[Signature]
Commissioners