

ORIGINAL

Decision No. 50047

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application)
of GORDON A. SAMUELSON and GILBERT)
J. MUNSON, copartners, doing busi-)
ness as CIRCLE FREIGHT LINES to)
sell and transfer highway common)
carrier certificates and business)
to CIRCLE FREIGHT LINES, a corpora-)
tion, and of CIRCLE FREIGHT LINES)
to issue stock.)
-----)

Application
No. 35394

O P I N I O N

Gordon A. Samuelson and Gilbert J. Munson, applicants herein, are engaged as partners in operating a highway common carrier service for the transportation of general commodities between San Francisco, certain East Bay points, and points in Contra Costa County.^{1/} In this application they report they desire to incorporate their business and they seek the authorization of the Commission for the transfer of their operative rights and properties to a new corporation which they have caused to be organized to take over and to continue their operations. The new corporation, Circle Freight Lines, seeks authorization to issue \$15,000 par value of stock in payment for such rights and properties.

The properties to be transferred include 12 units of equipment and operative rights represented by certificates of public convenience and necessity acquired by applicants Samuelson and Munson under authorization granted by the Commission by Decision No. 43825, dated February 14, 1950, in Application No. 28856, as

^{1/} Applicants Samuelson and Munson have reported operating revenues of \$65,397 in 1952 and \$79,876 in 1953 and net income of \$11,232 in the first of these two years and of \$12,661 in the second.

amended by Decision No. 49004, dated August 25, 1953, in Application No. 34119, and by Decision No. 48136, dated January 6, 1953, in Application No. 28856 and Application No. 32309. According to the application, the net investment of the partners in the business amounts to \$15,000.

It appears from the application there will be no changes in the rates, rules and regulations as a result of the proposed transfer and in our opinion the transaction will not be adverse to the public interest.

Applicants are 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.

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 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; therefore,

IT IS HEREBY ORDERED as follows:

1. Gordon A. Samuelson and Gilbert J. Munson, doing business as Circle Freight Lines, may transfer to Circle Freight Lines, a corporation, the operative rights represented by the certificates of public convenience and necessity granted to them by Decision No. 43825, dated February 14, 1950, as amended by Decision No. 49004, dated August 25, 1953, and by Decision No. 48136, dated January 6, 1953, and the properties to which reference is made in this proceeding.

2. Circle Freight Lines, a corporation, in payment for the operative rights and the properties herein authorized to be transferred, may issue not exceeding \$15,000 par value of its common capital stock and may assume the payment of outstanding indebtedness of Samuelson and Munson.

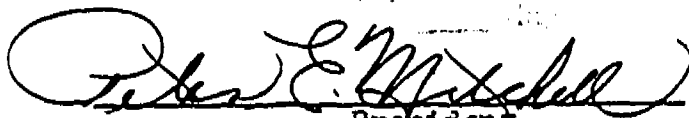
3. On not less than five days' notice to the Commission and to the public, applicants shall supplement or reissue the tariffs on file with the Commission naming rates, rules and regulations governing the common carrier operations here involved to show that Gordon A. Samuelson and Gilbert J. Munson, doing business as Circle Freight Lines, have withdrawn or canceled and that Circle Freight Lines, a corporation, 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

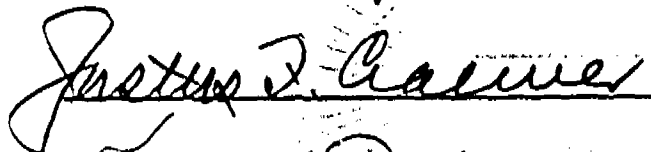
governing the filing and construction of tariffs set forth in the Commission's General Order No. 80.

4. Circle Freight Lines, a corporation, 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 authorization herein granted will become effective 20 days after the date hereof. If not exercised by applicants such authorization will expire on September 30, 1954.

Dated at San Francisco, California, this 18th day of May, 1954.


President







Commissioners