

Decision No. 50151

**ORIGINAL**

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of  
MARTIN FRIIS-HANSEN,  
LILLY FRIIS-HANSEN,  
ANDREW FRIIS-HANSEN, and  
MARY FRIIS-HANSEN LARSEN,  
co-partners, doing business as  
M. FRIIS-HANSEN & CO., Transferor  
to transfer Certificates of  
Public Convenience and Necessity to  
M. FRIIS-HANSEN & CO., INC., a  
California corporation, Transferee.

Sec. 851 - 853 P.U.C.

Application  
No. 35496

(and Amendment)

O P I N I O N

This is an application for an order of the Commission authorizing Martin Friis-Hansen, Lilly Friis-Hansen, Andrew Friis-Hansen and Mary Friis-Hansen Larsen, co-partners doing business as M. Friis-Hansen & Co., to transfer operative rights and properties to M. Friis-Hansen & Co., Inc.

The transferor partnership is engaged in the transportation of petroleum products as a highway common carrier, a petroleum irregular route carrier, a highway contract carrier and a radial highway common carrier. It has reported operating revenues at \$645,234 for the year 1953 and net operating income, before income taxes, at \$106,353. In the application it has set forth the cost of carrier operative property at \$376,107 and the net book value at \$37,774 as of May 31, 1954.

The application shows that the members of the partnership desire to conduct their transportation operations under a corporate form of organization in order to limit their personal liability and to protect other assets they own which are not connected with their trucking business. To accomplish this objective they propose to

transfer their operative rights and equipment, without consideration, to M. Friis-Hansen & Co., Inc., an inactive corporation whose outstanding stock will be held by the partnership<sup>(1)</sup>. The transferor, in addition, will advance \$50,000 on open account to the corporation for operating capital.

It appears from the application that 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.

### ORDER

The Commission having considered the above entitled matter and being of the opinion that a public hearing is not necessary and

(1) The pro forma balance sheet of the corporation shows that upon completion of the transaction the stated value of the stock and the contributed capital will be \$19,654. No additional issues of stock are contemplated by this application.

that the application should be granted, as herein provided; therefore,

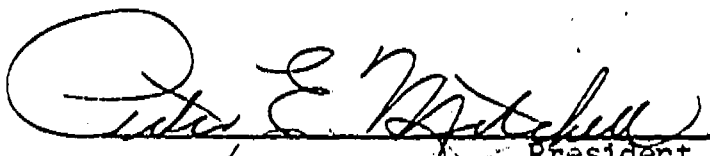
IT IS HEREBY ORDERED as follows:



1. Martin Friis-Hansen, Lilly Friis-Hansen, Andrew Friis-Hansen and Mary Friis-Hansen Larsen, co-partners doing business as M. Friis-Hansen & Co., may transfer their operative rights and properties to M. Friis-Hansen & Co., Inc. on or before September 30, 1954.

2. 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 operations here involved to show that the transferor has withdrawn or canceled and that M. Friis-Hansen & Co., Inc., 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.

3. The authority herein granted will become effective upon the date hereof.

Dated at San Francisco, California, this 18<sup>th</sup> day of June, 1954.

  
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President

  
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Commissioners