

ORIGINAL

Decision No. 50234

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of)	
O. J. BOEDEKER and A. T. RAWLINS,	:	
copartners doing business as SACRAMENTO)	
FREIGHT LINES, to transfer certificates of	:	Application
public convenience and necessity, permits,)	No. 35506
and property, to SACRAMENTO FREIGHT	:	
LINES, INC., a corporation, and to issue)	
stock and to assume certain obligations.	:	
-----)	

O P I N I O N

This is an application for an order authorizing O. J. Boedeker and A. T. Rawlins, copartners doing business as Sacramento Freight Lines, to transfer operative rights and properties to Sacramento Freight Lines, Inc., a recently organized corporation, and authorizing said corporation to assume obligations and to issue \$80,000 par value of common stock.

Applicants Boedeker and Rawlins are engaged in operating a highway common carrier service for the transportation of property over various routes in California under certificates of public convenience and necessity issued by the Commission.^{1/} In addition, they are parties to certain through routes and joint rates with a number of common carriers, as set forth in Exhibit F attached to the application. They have reported their total investment in assets as of March 31, 1954, at \$433,052 and their outstanding liabilities and capital as follows:

-
- ^{1/}
- Decision No. 35169, March 24, 1942
 - Decision No. 42352, December 21, 1948
 - Decision No. 45259, June 16, 1951
 - Decision No. 47175, May 16, 1952
 - Decision No. 47252, June 9, 1952
 - Decision No. 48005, December 2, 1952
 - Decision No. 49870, March 30, 1954

Current liabilities	\$274,129
Long-term obligations	63,591
Net worth	<u>95,332</u>
Total	<u>\$433,052</u>

It appears that the present operators now desire to incorporate their business and that they have made arrangements to transfer their operative rights and assets to Sacramento Freight Lines, Inc., a corporation which they have organized for the purpose of receiving such rights and assets and of continuing the operations. The arrangements provide for the assumption by the corporation of the outstanding debt of the copartners and the issue by it of \$80,000 par value of its stock against the net worth of the partnership, the remainder of such net worth to constitute contributed surplus on the books of the corporation.

It does not appear there will be any change in the rates or service 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. O. J. Boedeker and A. T. Rawlins, copartners doing business as Sacramento Freight Lines, may transfer to Sacramento Freight Lines, Inc., on or before December 31, 1954, the operative rights and properties referred to in this application.
2. Sacramento Freight Lines, Inc. may be substituted for O. J. Boedeker and A. T. Rawlins, copartners doing business as Sacramento Freight Lines, as a party to through routes and joint rates to which the partnership presently is a party.
3. Sacramento Freight Lines, Inc., in acquiring the said operative rights and properties, may assume the payment of outstanding indebtedness of the partnership and may issue not exceeding \$80,000 par value of its common capital stock on or before December 31, 1954.
4. 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 O. J. Boedeker and A. T. Rawlins, copartners doing business as Sacramento Freight Lines, have withdrawn or canceled and Sacramento Freight Lines, 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.

5. Sacramento Freight Lines, 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.

6. The authority herein granted will become effective 20 days after the date hereof.

Dated at San Francisco, California, this 6th day of July, 1954.

John E. Mitchell
President
Justus J. Cannon
Kenneth Pottel
Verne Peggins

Commissioners