

ORIGINAL

Decision No. 50313

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of)
O. F. COLLINGE, GERALDINE G. COLLINGE,)
WILLIAM J. COLLINGE, DORIS COLLINGE,)
GEORGE H. COLLINGE and LETHA B.)
COLLINGE, co-partners doing business)
as ALLYN TANK LINE, to sell operating) Application
rights and properties of a highway) No. 35519
common carrier to COLBRO CORPORATION and)
ALLYN TANK LINE, INC., a corporation,)
and the application of ALLYN TANK)
LINE, INC., a corporation, for author-)
ity to issue stock.)
-----)

O P I N I O N

O. F. Collinge, Geraldine G. Collinge, William J. Collinge, Doris Collinge, George H. Collinge and Letha B. Collinge, copartners doing business as Allyn Tank Line, are engaged in the highway common carrier and the petroleum irregular route carrier business for the transportation of petroleum products generally throughout the state. In this application they seek authorization, among other things, to transfer their operative rights and properties to Allyn Tank Line, Inc., a corporation, in exchange for shares of stock.

The application shows that the partners, in order to minimize taxes on income, desire to incorporate their business. They have adopted a plan whereby the partnership will be dissolved and the operative rights and the equipment other than carrier revenue equipment, that is, other than the trucks, tractors, trailers and miscellaneous items, will be transferred to Allyn Tank Line, Inc. and the carrier revenue equipment and \$10,000 in cash will be transferred

to a separate company named Colbro Corporation. Each of the transferees is to assume certain obligations of the partnership and is to issue shares of stock equivalent in amount to the net book value of the assets to be acquired. Under the proposed arrangements, the function of Colbro Corporation will be to purchase, own and make available to Allyn Tank Line, Inc. the equipment the latter will need in its operations under an equipment lease providing for rental on a mileage basis. Both new corporations will be owned and operated by the same interests.

A pro forma balance sheet of Allyn Tank Line, Inc. as of March 31, 1954, giving effect to the transfer of properties and the issue of stock is set forth in Exhibit E, as follows:

Assets

Current assets -		
Cash and deposits	\$49,644	
Notes and accounts receivable	84,612	
Prepaid expenses	17,114	
Inventories	<u>16,068</u>	
Net current assets		\$167,438
Tangible property less depreciation reserves		116,889
Intangible property		22,278
Other investments		<u>42,242</u>
	Total	<u>\$348,847</u>

Liabilities and Capital

Current liabilities		\$ 77,627
Long-term liabilities		37,719
Injury, loss and damage reserve		1,197
Capital stock		<u>232,304</u>
	Total	<u>\$348,847</u>

The reported gross revenues and net income before income taxes have been reported as follows:

	<u>Gross</u> <u>Revenues</u>	<u>Net</u> <u>Income</u>
1951	\$ 669,442	\$43,402
1952	787,151	41,191
1953	1,197,758	86,322
1954-3 Months	304,595	33,516

The operative rights to be transferred to Allyn Tank Line, Inc. were created by Decision No. 42623, dated March 15, 1949, as amended by Decision No. 43515, dated November 7, 1949, in Application No. 29631, and by Decision No. 44430, dated June 20, 1950, in Application No. 31215. They were transferred to the present owners under authorization granted by Decision No. 46010, dated July 31, 1951, in Application No. 32481.

It appears that the transfer will result in no change in the rates or service and in our opinion the transaction proposed 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 shares of 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. F. Collinge, Geraldine G. Collinge, William J. Collinge, Doris Collinge, George H. Collinge and Letha B. Collinge may transfer to Allyn Tank Line, Inc. the operative rights acquired by them under authorization heretofore granted by Decision No. 46010, dated July 31, 1951.

2. O. F. Collinge, Geraldine G. Collinge, William J. Collinge, Doris Collinge, George H. Collinge and Letha B. Collinge may transfer to Allyn Tank Line, Inc. and to Colbro Corporation their assets and operative equipment under the terms and conditions set forth in this application.

3. Allyn Tank Line, Inc., in payment for said rights and equipment to be acquired by it, may assume the payment of the liabilities of the partnership as shown in the preceding opinion, and may issue not exceeding 232,304 shares of its common stock of the par value of \$1.00 each.

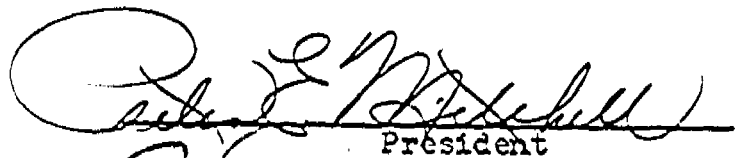
4. On not less than five days' notice to the Commission and to the public, applicants shall supplement or reissue the tariffs on file with the Commission naming rates, rules and regulations governing the common carrier operations here involved to show that O. F. Collinge, Geraldine G. Collinge, William J. Collinge, Doris

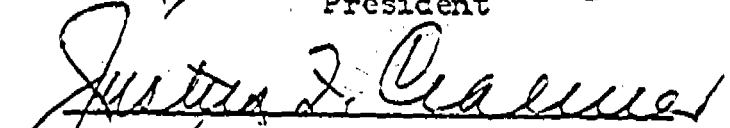

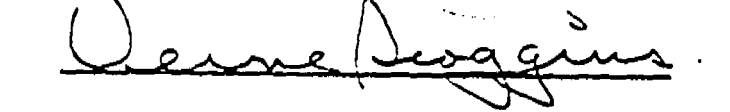
Collinge, George H. Collinge and Letha B. Collinge have withdrawn or canceled and Allyn Tank Line, Inc., a corporation, has adopted or established as its own said rates, rules and regulations. The tariff filings made pursuant to this order shall comply in all respects with the regulations governing the filing and construction of tariffs set forth in the Commission's General Order No. 80.

5. Allyn Tank Line, Inc., 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.

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

Dated at Los Angeles, California, this 27th day of July, 1954.


President

Commissioners