

ORIGINALDecision No. 50602

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of JOSEPH M. DEVERE,)	
doing business as PETROLEUM	:	
TRANSPORTATION CO. to sell and)	Application
PETROLEUM TRANSPORTATION CO.,	:	No. 35547
a California corporation, to buy)	(and Amendment)
a common carrier permit.	:	
-----)	

O P I N I O N

In this application, as amended, the Commission is asked to enter an order authorizing Joseph M. Devere to sell operative rights and equipment to Petroleum Transportation Co., a corporation.

For some years applicant Devere has been engaged in the transportation of petroleum products generally throughout southern California. According to his financial statements his business has been profitable, a summary of his reported results of operations being as follows:

	<u>Gross</u> <u>Revenues</u>	<u>Expenses</u> <u>exc. Depr.</u>	<u>Net before</u> <u>Depreciation</u>	<u>Depreciation</u> <u>Expense</u>	<u>Balance</u>
1949	\$74,543	\$61,521	\$13,022	\$4,086	\$ 8,936
1950	77,038	61,139	15,899	3,321	12,578
1951	62,127	49,682	12,445	2,867	9,578
1952	74,687	59,303	15,384	3,058	12,326
1953	78,991	58,514	20,477	3,058	17,419
1954 (6 Mos.)	43,144	32,295	10,849	1,503	9,346

Applicant Devere's assets used in his operations include six units of equipment and other facilities, certificates of public convenience and necessity acquired under authorization granted by the Commission by Decision No. 42851, dated May 10, 1949, and

Decision No. 43101, dated July 6, 1949, and current and prepaid accounts.

It appears that applicant Devere is of retirement age and desires to make arrangements for the continued operation of his business by a corporate entity. He therefore proposes to sell his operative rights, equipment and current and prepaid assets, free and clear of indebtedness, to Petroleum Transportation Co., a corporation, for the agreed sum of \$59,932, in consideration for the issue by the corporation of a note, or notes, payable twelve months after the date, or dates of issue.

Petroleum Transportation Co. is an inactive corporation which was organized in 1932. It has \$1,000 of stock outstanding, all of which is held by B. E. Devere, the son of applicant Devere, and it has \$1,000 of cash in banks, with no other assets or liabilities. According to the application it intends, upon acquiring the business of applicant Devere, to perform the same service, carry the same commodities and operate in the same territory in the same manner as applicant Devere now is conducting his affairs, and with the same equipment.

Upon a review of the application and the financial statements we are of the opinion that the transfer of the business to, and the operation by, the corporation will not be adverse to the public interest. The corporation may issue the twelve-months' note, or notes, without Commission authorization. We will require it, however, as a condition to our approval of the transfer, to set up in its books of account the balances in the equipment and depreciation accounts of said applicant Devere at the date of transfer and to charge to Account 155, Other Intangible Property, the difference

between said accounts and the purchase price, with provision being made thereafter for amortization of said sum so included in Account 155 by charges to Income Account 720, Other Income Deductions, over a period of not exceeding ten years.

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 equipment herein authorized to be transferred.

Q R D E R

The Commission having considered the above entitled matter and being of the opinion that a public hearing is not necessary, and that the sale and transfer of the operative rights and equipment of Joseph M. Devere should be authorized; therefore,

IT IS HEREBY ORDERED as follows:

1. Joseph M. Devere, on and after the effective date hercof and on or before December 31, 1954, may transfer to Petroleum Transportation Co. his operative equipment and the certificates of

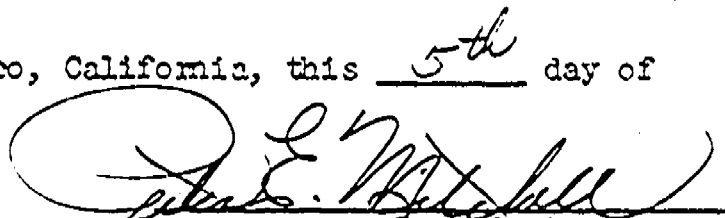
public convenience and necessity granted by Decision No. 42851, dated May 10, 1949, and Decision No. 43101, dated July 6, 1949.

2. If Petroleum Transportation Co. acquires the rights and equipment of Joseph M. Devere under the authorization herein granted, it shall charge to Account 155, Other Intangible Property, the difference between the net book value of the assets acquired and the purchase price paid and shall amortize the amount so charged to Account 155 by charges to Income Account 720 over a period of not exceeding ten years.

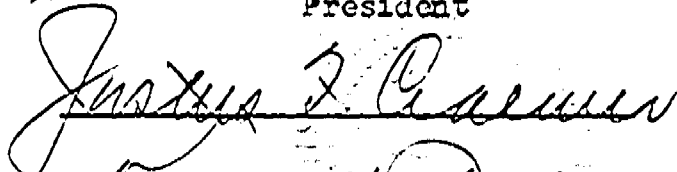
3. On not less than five days' notice to the Commission and to the public, applicants shall supplement or reissue the tariffs on file with the Commission naming rates, rules and regulations governing the common carrier operations here involved to show that Joseph M. Devere has withdrawn or canceled and Petroleum Transportation Co. 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 construction and filing of tariffs set forth in the Commission's General Order No. 80.

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

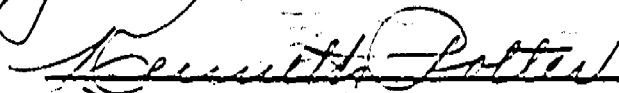
Dated at San Francisco, California, this 5th day of October, 1954.



President



Commissioner



Commissioner



Commissioner



Commissioner