

Decision No. 50633

ORIGINAL

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of)	
V. P. HUNT CO., a co-partnership	:	
composed of V. P. Hunt and Marian)	
B. Hunt, and V. P. HUNT CO. TANKERS	:	
INC., a California corporation, to)	
transfer certificates and automotive	:	Application
equipment to ORANGE EMPIRE TRUCK)	No. 35822
LINES, INC., a California Corporation,	:	
in exchange for shares of such corpora-)	
tion and for authority to issue such	:	
shares.)	
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O P I N I O N

In this application the Commission is asked to make an order authorizing Orange Empire Truck Lines, Inc. to issue 1,358 shares of no par value common stock in payment for rights and properties of V. P. Hunt Co. Tankers Inc. and of V. P. Hunt and Marian B. Hunt, copartners doing business as V. P. Hunt Co.

The application shows that Orange Empire Truck Lines, Inc, was organized under the laws of California on or about February 20, 1954, with an authorized capital stock of 2,500 shares without par value. It was formed for the express purpose of consolidating the operations of V. P. Hunt Co. Tankers Inc. and of V. P. Hunt Co. and at this time it seeks authorization to issue in the aggregate 1,358 shares of stock in acquiring the operative rights and properties of those two carriers and other properties owned by V. P. Hunt.

The selling corporation and the partnership are controlled by the same interests and are engaged in business as highway carriers of property, the corporation operating as a petroleum irregular route

carrier and as a highway common carrier for the transportation of petroleum products generally throughout the state and the partnership operating as a highway common carrier generally between certain points in San Bernardino, Riverside and Los Angeles counties, on the one hand, and Los Angeles and Los Angeles Harbor, on the other hand. The operative rights of the selling corporation are represented by certificates acquired by it under authorization granted by Decision No. 42623, dated March 15, 1949, and Decision No. 44393, dated June 20, 1950. The rights of the present partnership were acquired under authorization granted by Decision No. 39422, dated September 24, 1946.

In annual reports filed with the Commission V. P. Hunt Co. Tankers Inc. reported, for the year 1953, operating revenues of \$377,373 and net income of \$5,584 and the partnership reported, for the same period, operating revenues of \$479,317 and net income of \$44,405, before provision for income taxes. Applicants are of the opinion that through consolidation under one ownership certain duplications can be eliminated with resultant economies in operations. At the conclusion of the proposed transaction the new corporation will have net depreciable assets in the recorded amount of \$420,944, land in the recorded amount of \$5,750, and current and other assets in the amount of \$140,767. It will assume liabilities in the amount of \$425,779, leaving net worth to be represented by the 1,358 shares of stock in the amount of \$141,682.

We have reviewed this matter and are of the opinion that the transfer of the properties to and the operation by Orange Empire Truck Lines, Inc. will not be adverse to the public interest and that an order should be entered granting applicants' requests. 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 Orange Empire Truck Lines, Inc. for the purpose specified herein, and that purpose is not, in whole or in part, reasonably chargeable to operating expenses or to income; therefore,

IT IS HEREBY ORDERED as follows:

1. V. P. Hunt Co. Tankers Inc. and V. P. Hunt and Marian B. Hunt, doing business as V. P. Hunt Co., may transfer their rights and properties to Orange Empire Truck Lines, Inc. as outlined in this application.

2. Orange Empire Truck Lines, Inc., in payment for said rights and properties, may assume the payment of outstanding liabilities of the transferors and may issue in the aggregate not to exceed 1,358 shares of its common stock.

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 V. P. Hunt Co. Tankers Inc. and V. P. Hunt and Marian B. Hunt, doing business as V. P. Hunt Co., have withdrawn or canceled and Orange Empire Truck 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 construction and filing of tariffs set forth in the Commission's General Order No. 80.

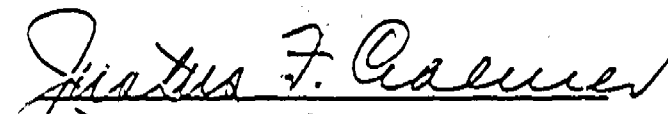
4. Orange Empire Truck Lines, Inc. shall file with the Commission a report, or reports, as required by General Order No. 24-A, which order, insofar as applicable, is made a part of this order.

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

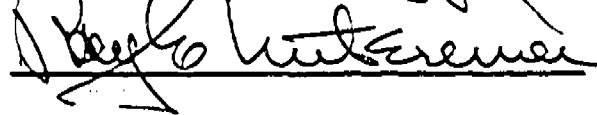
Dated at San Francisco, California, this 13th day of October, 1954.



President







Commissioners