

**ORIGINAL**

Decision No. 50693

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of	)	
BOND TRUCKING CO., a Corporation,	)	Application
for a permit to issue stock.	)	No. 35842
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O P I N I O N

In this application the Commission is asked to make an order authorizing Bond Trucking Co. to issue 100 shares of stock, without par value, in payment for the operative rights and properties of J. W. Baumgardner and Deanna R. Baumgardner.

The application shows that Bond Trucking Co. is a California corporation organized on or about May 27, 1954, with an authorized capital stock of 100 shares without par value. It was formed for the purpose of taking over and operating the highway common carrier and trucking business of J. W. Baumgardner and Deanna R. Baumgardner, and at this time it seeks authorization to issue 100 shares of its capital stock to them to purchase their rights and properties, subject to outstanding indebtedness.

The operative rights provide for the transportation of general freight, as a highway common carrier, between Los Angeles, Culver City, Palms, Venice, Ocean Park, Santa Monica and intermediate points, and between Los Angeles and steamship docks and wharves at Los Angeles Harbor. They are represented by certificates of public convenience and necessity acquired by the Baumgardners under authorization granted by Decision No. 45490, dated March 27, 1951, in Application No. 32111.<sup>1/</sup>

<sup>1/</sup>Originally granted by Decisions Nos. 8969, 14404, 28176 and 33453.

In Exhibit D applicants report the investment of the present owners in their properties and current assets at \$26,669 and the outstanding liabilities, consisting of current obligations and equipment contracts, at \$6,657, leaving proprietorship capital of \$20,012. The total revenues for the first eight months of the year are reported at \$60,646, with net income of \$537.

It appears that as a result of the transfer there will be no change in the management or in the service to the public. We are of the opinion, and so find, that the transfer will not be adverse to the public interest, 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.

In making this order we wish to place applicants 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 and that the application should be granted, as herein provided; therefore,

IT IS HEREBY ORDERED as follows:

1. J. W. Baumgardner and Deanna R. Baumgardner may transfer their operative rights and properties, on or before December 31, 1954, to Bond Trucking Co., a corporation.

2. Bond Trucking Co., a corporation, in payment for said operative rights and properties, may assume the payment of outstanding indebtedness of J. W. Baumgardner and Deanna R. Baumgardner and may issue not exceeding 100 shares of its common stock, without par value, on or before December 31, 1954.

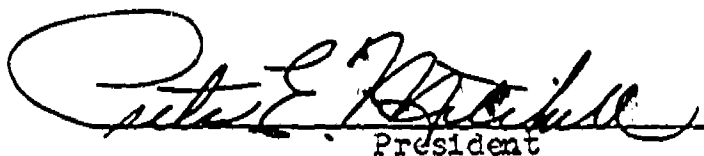
3. On not less than five days' notice to the Commission and to the public, applicants shall supplement or reissue the tariffs on file with the Commission naming rates, rules and regulations governing the common carrier operations here involved to show that J. W. Baumgardner and Deanna R. Baumgardner have withdrawn or canceled and Bond Trucking 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.

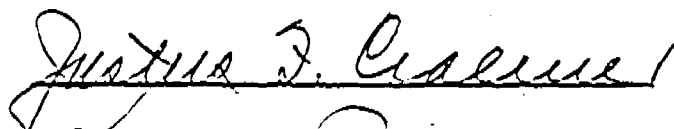
4. Bond Trucking Co., a corporation, shall file with the Commission a report, or reports, as required by General Order

No. 24-A, which order, insofar as applicable, is made a part of this order.

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

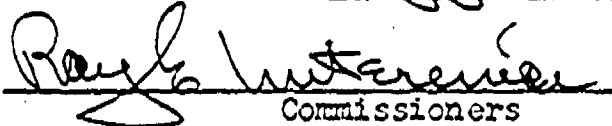
Dated at Los Angeles, California, this <sup>th</sup> 26 day of October, 1954.

  
President







  
Commissioners