

ORIGINAL

Decision No. 51051

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of: )  
 JOHN A. LACEY to sell, and of )  
 LACEY TRUCKING CO., a corporation, )  
 to acquire the transportation )  
 business including certificates of )  
 public convenience and necessity )  
 authorizing the transportation of )  
 both petroleum products and oil )  
 field equipment. )  
 ----- )

Application  
No. 36632

O P I N I O N

This is an application for an order of the Commission authorizing John A. Lacey to sell operative rights and properties to Lacey Trucking Co., a corporation, and authorizing said corporation to issue 3,000 of its no par value shares of common stock.

Applicant Lacey for some time has been engaged in the operation of motor vehicles for the transportation of property for hire and now holds certificates of public convenience and necessity as a highway common carrier and a petroleum irregular route carrier for the transportation of oil field equipment and supplies and petroleum and petroleum products.<sup>1/</sup> The application shows that said Lacey now desires to carry on and conduct his business under a corporate form of organization and that to accomplish this he has caused Lacey Trucking Co. to be organized on or about December 10, 1954, to take over his operative rights and properties and to continue the business.

In Exhibit A applicants have filed a financial statement

<sup>1/</sup> Decision No. 44262, dated May 26, 1950, in Application No. 30806.  
Decision No. 49654, dated Feb. 9, 1954, in Application No. 35053.

showing the book value of the assets to be acquired by the corporation and the liabilities to be assumed by it in connection with said acquisition. A summary of the same is as follows:

Assets

Current assets -		
Cash	\$3,000.00	
Inventory	5,486.58	
Prepaid expenses	<u>7,148.71</u>	
Total current assets		\$ 15,635.29
Tangible assets, less depreciation reserve		<u>142,270.20</u>
	Total	<u>\$157,905.49</u>

Liabilities and Capital

Equipment obligations		\$ 67,609.90
Proprietors' capital		<u>90,295.59</u>
	Total	<u>\$157,905.49</u>

From a review of the application it appears that there will be no change in the rates for service to the public nor in the principals and employees who heretofore have conducted the operations. It is our opinion, therefore, and we so find, that the proposed transfer will not be adverse to the public interest.

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, 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. John A. Lacey may transfer his operative rights and assets to Lacey Trucking Co., a corporation, under the terms set forth in this application, and Lacey Trucking Co., a corporation, in payment for such rights and assets, may assume the payment of outstanding indebtedness of John A. Lacey and may issue not exceeding 3,000 shares of its no par value common stock.

2. 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 John A. Lacey has withdrawn or canceled and Lacey Trucking Co., 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 construction and filing of tariffs set forth in the Commission's General Order No. 80.

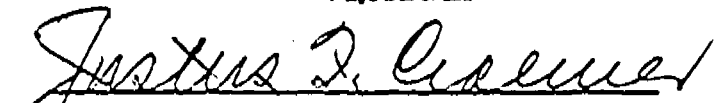
3. Lacey Trucking Co., a corporation, shall file with the Commission a report, or reports, as required by General Order

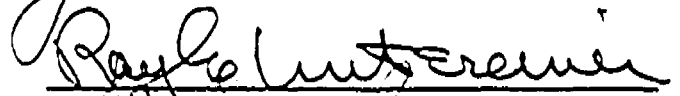
No. 24-A, which order, insofar as applicable, is made a part of this order.

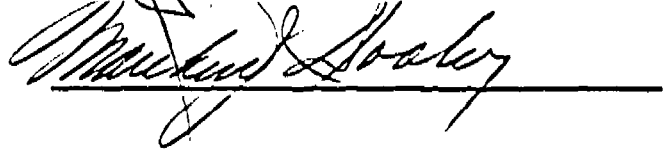
4. The authority herein granted will become effective 20 days after the date hereof and, if not previously exercised, will expire on June 30, 1955.

Dated at San Francisco, California, this 1st day of February, 1955.

  
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President.

  
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Commissioners