

ORIGINAL

Decision No. 51196

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application)
of PAUL KUNDE and R. M. CARROLL,)
copartners doing business as)
ASSOCIATED TRANSPORTATION CO.,)
to transfer certificates of public)
convenience and necessity, permits,)
and property to ASSOCIATED TRANS-)
PORTATION CO., INC., a corporation,)
and to issue stock and assume certain)
obligations.)
-----)

Application
No. 36715

O P I N I O N

This is an application for an order of the Commission authorizing Paul Kunde and R. M. Carroll, partners doing business as Associated Transportation Co. and hereinafter referred to as the Partners, to transfer certificates of public convenience and necessity and operating equipment to Associated Transportation Co., Inc., a corporation, and authorizing said corporation to assume obligations and to issue 9,000 shares of common stock of the par value of \$10 a share.

The Partners are engaged as highway common carriers of general commodities, with certain exceptions, between San Francisco territory, on the one hand, and Yuba City and Marysville and points within 10 miles thereof, on the other hand, and between Oroville, Gridley, Yuba City and Marysville and intermediate points, on the one hand, and Sacramento and Stockton, on the other hand, and also between Oroville and Lodi, under certificates of public convenience and necessity acquired under Decision No. 44932, dated October 24, 1950, and Decision No. 49769, dated March 9, 1954. In addition,

they have certificates of public convenience and necessity granted by the Interstate Commerce Commission and certain permits authorizing operations as radial highway common carriers, highway contract carriers and city carriers. Applicant Partners have reported their operating revenues from all sources at \$384,707 in 1953 and at \$395,736 in 1954, with net income of \$26,331 during the first of these years and \$46,499 during last year, before making provision for federal taxes on income.

The present application shows that the Partners have concluded it would be advantageous to them and to their families for the ownership and operation of the transportation business to be vested in a corporation. Accordingly, they have organized Associated Transportation Co., Inc. and they propose to transfer to it their operative rights and certain equipment and current assets, subject to outstanding liabilities, in exchange for \$90,000 par value of common stock. ^{1/} They will retain certain private warehouse and lift truck operations they now operate and also certain land and buildings, a portion of which they will lease to the new corporation for terminal purposes.

A pro forma balance sheet giving effect to the transfer of the rights and properties to the corporation and to the issue of shares of stock is as follows:

^{1/} Applicant Partners will file separate applications for the transfer of the radial, contract and city carrier permits.

Assets

Tangible property -		
Cost	\$187,693	
Less-depreciation reserve	<u>126,022</u>	
Net tangible property		\$ 61,671
Intangible property		3,360
Current assets -		
Cash and deposits	23,418	
Notes and accounts receivable	15,421	
Other current assets	<u>13,309</u>	
Total current assets		<u>52,148</u>
	Total	<u>\$117,179</u>

Liabilities and Capital

Equipment obligations		\$ 15,464
Current liabilities		11,715
Capital		<u>90,000</u>
	Total	<u>\$117,179</u>

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

In making this order we wish to place applicants on 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. Paul Kunde and R. M. Carroll, partners doing business as Associated Transportation Co., on or after the effective date hereof and on or before July 31, 1955, may transfer to Associated Transportation Co., Inc., a corporation, their operative rights and equipment under the terms set forth in this application.

2. Associated Transportation Co., Inc., a corporation, in payment for said operative rights and equipment, may assume the payment of outstanding indebtedness, as set forth in the preceding opinion, and may issue not exceeding \$90,000 par value of its common stock.

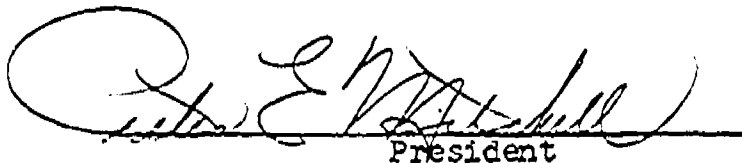
3. On not less than five days' notice to the Commission and to the public, applicants shall supplement or reissue the tariffs on file with the Commission naming rates, rules and regulations governing the common carrier operations here involved to show that Paul Kunde and R. M. Carroll have withdrawn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

Associated Transportation Co., 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 construction and filing of tariffs set forth in the Commission's General Order No. 80.

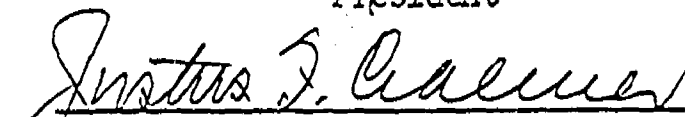
4. Associated Transportation Co., Inc., a corporation, shall file with the Commission a report, or reports, as required by General Order No. 24-A, which order, insofar as applicable, is made a part of this order.

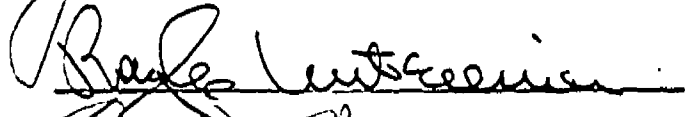
5. The authority herein granted will become effective 20 days after the date hereof.

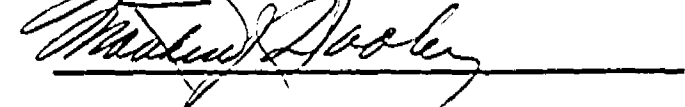
Dated at San Francisco, California, this 15th day of March, 1955.



President







Commissioners