

ORIGINAL

Decision No. 51222

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of)	
WILLIAM J. BALTHAZAR, WILLIAM CORDOZA	:	
and WALLACE P. THAU, a co-partnership,)	
doing business as SAFE TRANSPORTATION	:	Application
CO., to sell and transfer, and SAFE)	No. 36761
TRANSPORTATION COMPANY, a corporation,	:	
to purchase and acquire the operative)	
rights, equipment and other assets of	:	
Sellers, and to assume certain liabili-)	
ties of Sellers.	:	

-----)	
In the Matter of the Application of)	
SAFE TRANSPORTATION COMPANY, a	:	
California corporation, for authority)	Application
to issue shares of its capital stock.	:	No. 36762
-----)	

O P I N I O N

In these proceedings the Commission is asked to make an order authorizing William J. Balthazar, William Cordoza and Wallace P. Thau, partners doing business as Safe Transportation Co., hereinafter referred to as Sellers, to transfer operative rights, equipment and other assets to Safe Transportation Company, a corporation, and authorizing the corporation to issue \$17,100 of its common stock.

Sellers presently are engaged in the transportation of new uncrated furniture, furniture parts, lamps and parts thereof, moving between furniture manufacturers and dealers, and between dealers, as a highway common carrier generally between Oakland and San Francisco and San Jose, Sacramento, Modesto, Carmel and Napa and intermediate points. ^{1/} They are desirous of conducting their operations under a corporate form of organization and they assert that such a form will

^{1/} Sellers report their gross revenues for 1954 at \$110,148 and their net income at \$22,959, before provision for income taxes and partners' withdrawals.

aid in the financing of further expansion, will assure continuity of operations, and will secure the advantages of limited personal liability. Accordingly, they have incorporated Safe Transportation Company and they propose to transfer to it their operative rights, equipment and other assets.

The properties to be transferred include the operative rights acquired by Sellers under authorization granted by Decision No. 50022, dated May 11, 1954, in Application No. 35330, together with six trucks, two tractors and two trailers, and current assets, all subject to outstanding current liabilities and conditional sales contracts. In the agreement of sale the total cost of the operative rights and tangible properties is stated at \$17,671.72 and the outstanding conditional sales contracts are reported at \$12,596.98, leaving a net book value of \$5,074.74.

Applicant corporation proposes to issue 510 shares of the par value of \$5,100 against the net book value of the rights and tangible properties plus \$25.26 in cash, to issue 700 shares of the aggregate par value of \$7,000 in payment of current liabilities it will assume which will be represented by a like amount of current assets, and to issue and sell 500 shares of stock of the aggregate par value of \$5,000, at par for cash, to provide working capital.

The applications show that the individuals now members of the partnership will become the shareholders of the corporation and that there will be no change in the operations and management and no change in the rates or service to the public. 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 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 matters and being of the opinion that public hearings are not necessary, that the applications should be granted, as herein provided, that the money, property or labor to be procured or paid for by the issue and sale of the shares of stock herein authorized is reasonably required by applicant corporation for the purposes specified herein, and that such purposes are not, in whole or in part, reasonably chargeable to operating expenses or to income, therefore,

IT IS HEREBY ORDERED as follows:

1. William J. Balthazar, William Cordoza and Wallace P. Thau, partners doing business as Safe Transportation Co., may

transfer their operative rights, equipment and other assets on or before July 31, 1955, to Safe Transportation Company, a corporation. Safe Transportation Company, a corporation, may assume the payment of the outstanding liabilities of said partners consisting of conditional sales contracts and current liabilities.

2. Safe Transportation Company, a corporation, may issue not exceeding \$5,100 par value of common stock in connection with the acquisition of said rights, equipment and other assets, may issue not exceeding \$7,000 par value of common stock in payment, at dollar for dollar, of current liabilities assumed, and may issue and sell, at par for cash, not exceeding \$5,000 of common stock to provide working capital.

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 William J. Balthazar, William Cordoza and Wallace P. Thau, partners doing business as Safe Transportation Co., have withdrawn or canceled and Safe Transportation Company, 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.

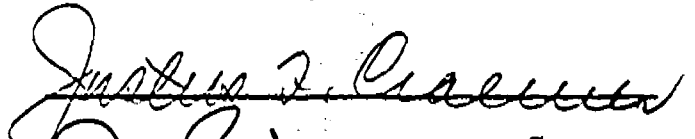
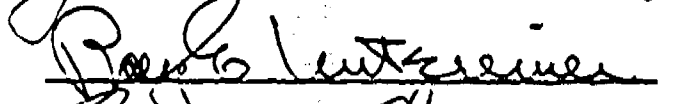
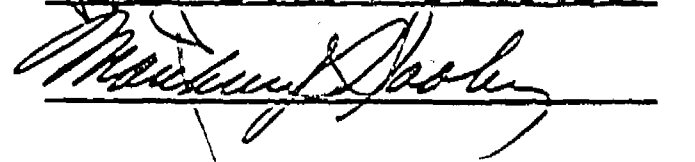
4. Safe Transportation Company, a corporation, shall file with the Commission monthly reports as required by General Order No. 24-A, which order, insofar as applicable, is made a part of this order.

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

Dated at Los Angeles, California, this 21st day of March, 1955.



President

Commissioners