

Decision No. 52077

**ORIGINAL**

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the application of )  
WALTER ALVES, an individual doing )  
business as ALVES SERVICE TRANSPORTA- )  
TION, to sell and transfer, and )  
ALVES SERVICE TRANSPORTATION, INC., )  
a corporation, to purchase and ac- )  
quire the operative rights, equip- )  
ment and other assets of seller and )  
to assume certain liabilities. )

Application No. 37317

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In the Matter of the application of )  
ALVES SERVICE TRANSPORTATION, INC., )  
a California corporation, for author- )  
ity to issue shares of its capital )  
stock. )  
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Application No. 37318

O P I N I O N

In these proceedings the Commission is asked to make an order or orders authorizing Walter Alves, an individual doing business as Alves Service Transportation, hereinafter referred to as Seller, to sell and transfer highway common carrier operative rights, equipment and other assets to Alves Service Transportation, Inc., a California corporation, hereinafter referred to as Buyer, and authorizing Buyer to assume the payment of outstanding indebtedness and to issue 10,000 shares of its no par value common stock.

Seller is engaged in the transportation of general commodities, with certain exceptions, between the Los Angeles area and the San Francisco area, under a certificate of public convenience and necessity granted by Decision No. 49247, dated October 27, 1953, in Application No. 32047. It now appears that he desires to conduct his operations under a corporate form of organization, that he has organized Buyer and that he proposes to transfer to it his operative

rights, equipment and other assets. In consideration of such transfer Buyer agrees to assume Seller's liabilities and to issue to him 10,000 shares of its common stock.

In financial statements filed with the Commission, Seller has reported his revenues and expenses as follows:

	<u>1954</u>	<u>6-Months 1955</u>
Operating revenues	\$881,328	\$567,350
Deductions		
Operation and maintenance	637,706	382,084
Depreciation	111,061	52,455
Taxes (excluding income taxes)	70,905	68,665
Total	<u>\$819,672</u>	<u>\$503,204</u>
Net operating income	<u>\$ 61,656</u>	<u>\$ 64,146</u>

Seller's tangible property includes certain real property and improvements, 116 units of operative equipment, and miscellaneous shop, garage, and office equipment. His resources and liabilities as of June 30, 1955, are indicated in the following tabulation:

<u>Assets</u>		
Tangible assets -		
Cost of property	\$959,793	
Less: depreciation reserve	<u>494,551</u>	
Net investment		\$465,242
Current assets		<u>158,467</u>
	Total	<u>\$623,709</u>
<u>Liabilities and Capital</u>		
Long-term debt		\$315,135
Current liabilities		153,137
Net worth		<u>155,437</u>
	Total	<u>\$623,709</u>

A review of the financial statements indicates that Seller's operations are extensive and that they have been profitable. It appears that he has a substantial investment of his own funds in the business, that he has been conducting the operations both prior to and since they have become certificated. Buyer will continue

the operations and will adopt the rates, rules and regulations now on file in the name of the Seller. It appears to us from a review of this matter, and we so find, that the proposed transfer will not be adverse to the public interest.

In making this order, Buyer is placed 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 a public hearing is not necessary, that the applications should be granted, as herein provided, that the money, property or labor to be procured or paid for through the issue of stock by applicant corporation is reasonably required 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. Walter Alves, an individual doing business as Alves Service Transportation, may transfer his highway common carrier operative rights, equipment and other assets to Alves Service Transportation, Inc., a corporation, such transfer to be made on or before December 31, 1955 and under the terms and conditions set forth in these applications.

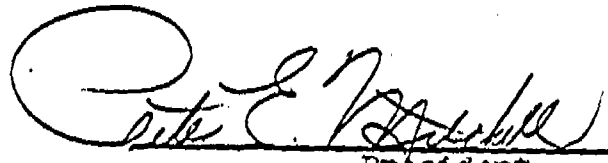
2. Alves Service Transportation, Inc., in payment for such operative rights, equipment and other assets, may assume the payment of outstanding indebtedness, as set forth in these proceedings, and may issue not more than 10,000 shares of its common stock without par value.

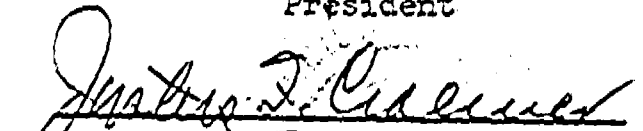

3. On not less than five days' notice to the Commission and to the public, applicants shall supplement or reissue the tariffs on file with the Commission naming rates, rules and regulations governing the common carrier operations here involved to show that Walter Alves has withdrawn or canceled and Alves Service Transportation, Inc. concurrently 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. 30.



4. Alves Service Transportation, 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 twenty days after the date hereof.

Dated at San Francisco, California, this 18<sup>th</sup> day of October, 1955.

  
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President

  
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Commissioners