

Decision No. 52152**ORIGINAL**

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of
 CHAS. P. HART TRANSPORTATION CO., INC.,
 to sell and WATSON BROS. TRANSPORTATION
 CO., INC., to purchase an automotive
 freight line operating between various
 points in California.)
)
) Application No. 36977
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O P I N I O N

Watson Bros. Transportation Co., Inc., (hereinafter called Watson), a Nebraska corporation qualified to transact business in this State, seeks authority to purchase all of the outstanding shares of Chas. P. Hart Transportation Co., Inc., a California corporation (hereinafter called Hart, Inc.), and the business and assets of Chas. P. Hart, an individual, doing business as Chas. P. Hart Transportation Co. (hereinafter called Hart).

Hart, Inc., has California operating authority, generally, between the San Francisco territory and the Los Angeles territory (Decision No. 43003), and between the San Francisco territory and the so-called "Kite Area" (San Bernardino, Colton, Redlands, Riverside) and Santa Ana (Decision No. 51286). It also has permits granted by this Commission. It has I.C.C. authority (MC 97897) which is the subject of a transfer application now pending before the I.C.C.

Hart has I.C.C. authority MC 39682 and also has California permits. Hart does not have California certificates of public convenience and necessity.

Watson is a motor carrier operating, generally, between midwest points, and the midwest and Los Angeles, serving various intermediate points and, by connecting carriers, the San Francisco area. Its principal place of business is at 802 South 14th Street, Omaha, Nebraska.

Watson also has permits issued by this Commission, authorizing it to operate as contract, city, and radial highway common carriers.

The agreement of sale, dated August 16, 1954, provides, among other things, that Hart will transfer to Watson all of the former's operating authority and other assets, subject to liabilities, as of May 31, 1954, which were as follows:

<u>Item</u>	<u>Chas. P. Hart, dba Chas. P. Hart Transportation Co.</u>
<u>Current Assets</u>	
Cash	\$ 879.89
Accounts Receivable	611.65
Prepayments	1,930.78
<u>Tangible Property - Net</u>	
Land	137,402.24
Structures	116,871.60
Revenue Equipment	<u>12,961.95</u>
Total Assets	270,658.11
<u>Current Liabilities</u>	
Accounts Payable	8,183.56
Misc. Current Liabilities	3,015.00
<u>Long-Term Obligations</u>	147,222.28
<u>Reserves</u>	
Cargo Loss & Damage	99.43
<u>Capital Investment</u>	105,878.25
<u>Profit or Loss</u>	<u>6,259.58</u>
Total Liabilities	270,658.11

Watson will acquire all of the outstanding 15,300 shares of common capital stock of Hart, Inc., which, as of May 31, 1954,

had assets and liabilities as follows:

<u>Item</u>	<u>Chas. P. Hart Transportation Co., Inc.</u>
<u>Current Assets</u>	
Cash	\$ 6,879.41
Miscellaneous Deposits	3,310.00
Accounts Receivable	34,997.69
Materials & Supplies	8,920.66
Prepayments	17,326.50
<u>Tangible Property - Net</u>	
Revenue Equipment	239,620.70
Service Cars	10,206.11
Garage Equipment	840.08
Office Furniture & Equipment	6,140.20
Misc. Dock Equipment	2,574.84
Leasehold Equipment	13,983.93
<u>Intangible Property</u>	
Organization & Franchise	311.59
<u>Investments Securities & Advances</u>	
Advances	5,220.15
Total Assets	350,331.86
<u>Current Liabilities</u>	
Accounts Payable	43,358.83
Wages Payable	19,474.95
C.O.D. Unremitted	348.03
Taxes Accrued	5,849.63
Misc. Current Liabilities	3,810.94
<u>Equipment</u>	117,916.72
<u>Reserves</u>	
Cargo Loss & Damage	208.46
<u>Capital Investment</u>	153,000.00
<u>Profit or Loss</u>	(15,976.82)
<u>Surplus Previous Years</u>	22,341.12
Total Liabilities	350,331.86

(Red Figure)

Revenue equipment owned by Hart, Inc., consists of 18 trucks, 39 tractors, 38 trailers, 15 converter gear, and 5 service cars, having original cost of \$430,394.09. Depreciation as of March 31, 1955, was \$220,253.88, and book value was \$210,140.71.

No values appear on the balance sheets of Charles P. Hart or Charles P. Hart Transportation Co., Inc., for operative rights and no portion of the amount to be paid by Watson Bros. Transportation Co., Inc., is assigned by the applicants to such rights or is claimed in the application as the value of them. The balance sheet of Charles P. Hart Transportation Co., Inc., does show that the nominal amount of \$311.59 is for intangible property.

The consideration to be paid for all of the common capital stock of Hart, Inc., and the said business and assets is \$400,000, payable \$5,000 at the closing date (a date to be set by the parties within thirty days after approval by the regulatory authorities), and \$5,000 per month thereafter until entire purchase price is paid. Deferred payments will not bear interest.

As of March 31, 1955, Watson's financial condition was as follows:

Total Assets	\$10,940,118.50	
Total Liabilities.	<u>7,111,542.07</u>	
Net Worth.		\$ 3,828,576.43
Represented by:		
Capital Stock Outstanding.	\$ 107,600.00	
Surplus.	<u>3,720,976.43</u>	
		3,828,576.43

Net profit for 3 months ending ✓
 March 31, 1955, was \$159,451.61.

As justification for the proposed sale and transfer, it is alleged that Watson is one of the largest motor carriers in the United States; that it now operates in California as an interstate carrier and holds permits from this Commission as hereinabove set forth; that it is able and willing to extend its operations; and that a public need exists for the continuation and expansion of the transportation service now being conducted by the sellers.

Our records show that Watson has filed Application No. 36146

before the Commission, requesting extensive California highway common carrier operating authority. As said application is now pending, the order hereinbelow will require said applicant to amend, revise, or dismiss said application in so far as it may conflict with or duplicate the authority heretofore granted to or acquired by Hart, Inc.

The Commission having considered the matter, finds that the acquisition by Watson Bros. Transportation Co., Inc., of all the outstanding shares of capital stock of said Chas. P. Hart Transportation Co., Inc., a California corporation, and the business and assets of Chas. P. Hart, an individual, doing business as Chas. P. Hart Transportation Co., are not adverse to the public interest; that the money, property and labor to be procured or paid for through the assumption of the obligations of Chas. P. Hart, an individual, doing business as Chas. P. Hart Transportation Co., by the execution of the agreement of purchase filed as an exhibit to the application, are reasonably required by said Watson Bros. Transportation Co., Inc., for the acquisition of said properties of Chas. P. Hart Transportation Co., (Hart) and the outstanding stock of Chas. P. Hart Transportation Co., Inc., (Hart, Inc.); and that such purposes are not in whole or in part reasonably chargeable to operating expense or to income.

The action taken herein shall not be construed to be a finding of the value of the property herein authorized to be transferred. No authority is herein given to Watson Bros. Transportation Co., Inc., to place on its books any value for the operative rights it will acquire.

The application will be granted. A public hearing is not deemed necessary.

O R D E R

Application having been made, the Commission being fully advised in the premises, and good cause appearing,

IT IS ORDERED:

(1) That Watson Bros. Transportation Co., Inc., a Nebraska corporation, may purchase, on or before ninety days after the effective date of this order, all the outstanding shares of Chas. P. Hart Transportation Co., Inc., a California corporation; acquire the assets and assume the obligations of Chas. P. Hart, an individual, doing business as Chas. P. Hart Transportation Co., as shown in the exhibits attached to the agreement of sale filed with said Application No. 36977; and execute an agreement of sale substantially upon the terms and conditions as set forth in copy of such agreement filed with said application.

(2) That in the event the authority herein granted is exercised, Watson Bros. Transportation Co., Inc., shall notify the Commission in writing of the fact within thirty days after the date of transfer.

(3) That Application No. 36146, now on file with this Commission, shall be dismissed or amended by eliminating therefrom any request for highway common carrier authority identical with or similar to the highway common carrier authority heretofore granted to or acquired by Chas. P. Hart Transportation Co., Inc., a California corporation.

(4) This order shall become effective when Watson Bros. Transportation Co., Inc., has paid the fee prescribed by Section 1904 (b) of the Public Utilities Code, which fee is \$395.

The effective date of this order shall be twenty days after the date hereof.

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

Arthur E. Mitchell
President

Manuel S. ...
R. ...

Commissioners

PUBLIC UTILITIES COMMISSION
STATE OF CALIFORNIA
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