

**ORIGINAL**

Decision No. 52884

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of:

(a) HITCHCOCK TRANSPORTATION COMPANY, a Corporation, for authority to issue shares of its common capital stock pursuant to Section 816-830 of the California Public Utilities Code.

(b) M. G. HITCHCOCK, an individual, doing business as HITCHCOCK TRANSPORTATION COMPANY, to sell a highway common carrier operating rights, and a petroleum irregular route carrier rights, a highway contract carrier rights, and radial highway common carrier rights; and, also, to sell to HITCHCOCK TRANSPORTATION COMPANY, a Corporation, certain properties described in this Application and the assumption of the liabilities as set forth in said Application, all pursuant to Sections 851-853 of the California Public Utilities Code.

Application  
No. 37821  
(and Amendment)

O P I N I O N

In this application the Commission is asked to make an order (1) authorizing M. G. Hitchcock to transfer operative rights and equipment to Hitchcock Transportation Company, a corporation, and (2) authorizing said corporation to issue \$100,000 par value of common stock and a promissory note in the principal amount of \$40,240.83.

Applicant Hitchcock is, and for many years has been, engaged in business as a highway carrier of property. By Decision No. 42623, dated March 15, 1949, he was certificated as a highway common carrier of petroleum products generally between San Francisco and Los Angeles, Sacramento and Los Angeles, and other points as set

forth in said decision. Later, by Decision No. 44242, dated May 26, 1950, he was certificated to operate as a petroleum irregular route carrier throughout the state. In addition to his certificated operations he is engaged as a radial highway common carrier and a highway contract carrier.

A pro forma balance sheet based on Hitchcock's book values as of December 31, 1955, and giving effect to the transactions referred to in this application is as follows:

Assets

Tangible capital		
Cost	\$481,291.80	
Less depreciation reserve	<u>260,598.99</u>	
Net book value		\$220,692.81
Current and prepaid assets		<u>123,364.46</u>
Total		<u>\$344,056.27</u>

Liabilities and Capital

Current liabilities	\$ 78,517.65
Secured liabilities	125,297.79
Loans payable - M.G. Hitchcock	40,240.83
Capital stock	<u>100,000.00</u>
Total	<u>\$344,056.27</u>

It appears that applicant Hitchcock now desires to incorporate his business and that he has organized Hitchcock Transportation Company, a corporation, to take over his operating rights and equipment and to continue the operations.

The corporation, in doing so, will assume the payment of outstanding liabilities and will issue to applicant Hitchcock its common stock in the amount of \$100,000 and a note in the principal amount of \$40,240.83. The note will be payable in five annual installments with interest at the rate of 5% per annum.

The staff of the Commission has examined the records of

the operations. From such examination and from a review of the verified application, it appears that the corporation will take over the assets at their book values and that there will be no change in the equipment or services available to the public or in the rates to be charged. It appears that the corporation is in a position financially to assume the obligations of a common carrier service. We are of the opinion, and so find, that the transfer under the terms indicated will not be adverse to the public interest and should be authorized.

Applicants are hereby 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.

#### ORDER

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 stock and the execution of the note 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. M. G. Hitchcock, an individual doing business as Hitchcock Transportation Company, may sell and transfer his operative rights and equipment to Hitchcock Transportation Company, a corporation.

2. Hitchcock Transportation Company, a corporation, in payment for said rights and equipment, may assume the payment of outstanding indebtedness and may issue not exceeding \$100,000 par value of its common stock and a note in the principal amount of not exceeding \$40,240.83.

3. On not less than five days' notice to the Commission and to the public, applicants shall, effective concurrently with the consummation of such transfer, 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 M. G. Hitchcock has withdrawn or canceled and Hitchcock 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. Hitchcock Transportation Company, 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 when Hitchcock Transportation Company, a corporation, has paid the fee prescribed by Section 1904(b) of the Public Utilities Code, which fee is \$41.

Dated at San Francisco, California, this 17<sup>th</sup> day of April, 1956.

[Signature]  
President

[Signature]

[Signature]

[Signature]

[Signature]  
Commissioners

