

Decision No. 53325

**ORIGINAL**

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of )  
 VERYL CALLISON, an individual doing )  
 business as CALLISON TRUCK LINES, )  
 to transfer certificates of public )  
 convenience and necessity, permits, and )  
 property, to CALLISON TRUCK LINES, INC., )  
 a corporation, and to issue stock and )  
 to assume certain obligations. )  
 ----- )

Application  
 No. 38109

O P I N I O N

This is an application for an order of the Commission (1) authorizing Veryl Callison, an individual doing business as Callison Truck Lines, to transfer operative rights and equipment to Callison Truck Lines, Inc., and (2) authorizing Callison Truck Lines, Inc., to assume the payment of outstanding indebtedness and to issue \$100,000 par value of common stock.

The application shows that Veryl Callison is a highway common carrier of certain commodities, generally between points in Humboldt and Del Norte Counties and points in and about the San Francisco Bay Region, that he is a party to through rates and joint rates with other carriers and that in addition he has permits authorizing operations as a radial highway common carrier and a contract carrier. In financial statements filed with the Commission, applicant Callison has reported his revenues and expenses during the last three calendar years as follows:

	<u>1953</u>	<u>1954</u>	<u>1955</u>
Operating revenues	\$753,775	\$843,534	\$898,752
Operating expenses	<u>717,496</u>	<u>793,281</u>	<u>855,585</u>
Net operating income	<u>\$ 36,279</u>	<u>50,253</u>	<u>\$ 43,167</u>

In Exhibit C, applicant Callison has presented his balance sheet statement showing his assets, liabilities, and capital as of March 31, 1956. A summary of the statement is as follows:

<u>Assets</u>	
Current assets -	
Cash	\$38,243
Accounts receivable	75,680
Supplies	5,656
Prepayments	<u>37,322</u>
Total current assets	\$156,901
Tangible assets (cost less depreciation)	283,199
Intangible assets	4,203
Deferred debits	<u>10,220</u>
 Total	 <u>\$454,523</u>
<u>Liabilities and Net Worth</u>	
Current liabilities	\$106,407
Equipment obligations	190,084
Deferred credits	2,806
Net worth	<u>155,226</u>
 Total	 <u>\$454,523</u>

It appears that applicant Callison now desires to incorporate his business and that he has organized Callison Truck Lines, Inc., to take over his operative rights and equipment and to continue the business now conducted by him. The corporation, in doing so, proposes to assume the payment of the individual's outstanding indebtedness and to issue to him \$100,000 par value of common stock against his reported net worth of \$155,226. The remainder of the net worth will constitute contributed surplus on the books of the new corporation.

The operative rights to be transferred are represented by certificates of public convenience and necessity, granted to applicant Callison by Decision No. 38742 dated March 5, 1946, Decision No. 41367, dated March 23, 1948; and Decision No. 52213, dated November 7, 1955. The operative equipment includes 72 units used in the intercity service and 27 in the local service. As

shown by Exhibit D, the cost of the equipment, together with other tangible properties, was \$589,066, and the book value after giving effect to the accumulated depreciation reserve was \$283,199. The intangible assets, consisting of the costs of acquiring the operative rights, are carried on the balance sheet at only \$4,203.

A review of the application indicates that the corporation will take over the assets and other properties at their book values and that there will be no change in the equipment and service available to the public or in the rates. We are of the opinion, and so find, that the transfer under the terms indicated will not be adverse to the public interest, and that the money, property or labor to be procured or paid for through the issue of the \$100,000 of stock herein authorized 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.

In making our order herein we 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 operative 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 and that the application should be granted,

IT IS HEREBY ORDERED as follows:

1. Veryl Callison, an individual doing business as Callison Truck Lines, may transfer his highway common carrier operative rights and properties to Callison Truck Lines, Inc.

2. Callison Truck Lines, Inc., in payment for said operative rights and equipment may assume the payment of outstanding indebtedness of Veryl Callison and may issue not exceeding \$100,000 par value of its common stock.

3. Callison Truck Lines, Inc., may be substituted in lieu of Veryl Callison as a party to the through routes and joint rates to which Veryl Callison now is a party.

4. On not less than five days' notice to the Commission and to the public, effective concurrently with the consummation of such transfer, 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 Veryl Callison has withdrawn or canceled and Callison Truck Lines, Inc., 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.

5. Callison Truck Lines, 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.

6. The authority herein granted will become effective on the date hereof. Unless exercised, such authority will expire on December 31, 1956.

Dated at San Francisco, California, this 10<sup>th</sup> day of July, 1956.

[Signature]  
President

[Signature]

[Signature]

[Signature]

[Signature]  
Commissioners