

ORIGINAL

Decision No. 53376

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of)	
V. L. PARKER, a sole proprietorship,	:	
and PARKER & MARTIN, a copartnership)	
composed of V. L. PARKER and	:	
WILLIAM E. MARTIN, and PARKER &)	Application
MARTIN, INC., a California corporation,	:	No. 38096
for an order authorizing the transfer)	
of the assets and franchise of the	:	
sole proprietorship and the)	
copartnership to the corporation, and	:	
for an order authorizing the corporation)	
to issue 4,000 shares of capital stock.	:	
-----)	

O P I N I O N

This is an application for an order (1) authorizing V. L. Parker and V. L. Parker and William E. Martin, copartners, to transfer petroleum irregular route operative rights and equipment to Parker & Martin, Inc., a corporation, and (2) authorizing said corporation to issue \$40,000 par value of common stock.

The application shows that V. L. Parker was certificated by the Commission by Decision No. 51454, dated May 10, 1955, as a petroleum irregular route carrier in California and that thereafter William E. Martin invested \$20,000 in the business, although it does not appear that an interest in the operative rights was transferred to him. For the first nine months of 1955 the reported revenues from operations amounted to \$175,823 and the net profit to \$19,462.

It appears that the parties have concluded to incorporate the business and that they have made arrangements for the transfer of the operative rights and equipment to a corporation, Parker & Martin, Inc., which has been organized for the express purpose of accepting such rights and properties and of continuing the opera-

tions. The arrangements provide for the issue of \$20,000 par value of stock to V. L. Parker in exchange for the assets and of \$20,000 par value of stock to William E. Martin for the \$20,000 advanced by him.

A statement of the assets, liabilities and capital as of December 31, 1955, giving effect to the transfer and to the issue of stock is, as follows:

<u>Assets</u>	
Current assets -	
Cash and deposits	\$ 4,157
Notes and accounts receivable	50,043
Prepayments	4,867
Other	<u>707</u>
Total current assets	\$ 59,774
Tangible property -	
Cost less depreciation	46,377
Intangible property	<u>851</u>
Total	<u>\$107,002</u>
<u>Liabilities and Capital</u>	
Current liabilities	
Long-term obligations	\$ 32,185
Miscellaneous reserves	24,646
Capital -	3,533
Capital stock	\$40,000
Surplus	<u>6,638</u>
Total capital	<u>46,638</u>
Total	<u>\$107,002</u>

The Commission has considered this matter and is of the opinion, and so finds, that the transfer will not be adverse to the public interest, that the money, property or labor to be procured or paid for through the issue of said stock is reasonably required for the purposes specified herein and that such purposes are not, in whole or in part, reasonably chargeable to operating expenses or to income.

In making the 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. V. L. Parker and V. L. Parker and William E. Martin, copartners, may transfer to Parker & Martin, Inc., the operative rights and equipment referred to in this application, such transfer to be made as of December 31, 1955, and to be in accordance with the terms and conditions set forth in this application.
2. Parker & Martin, Inc., may issue not exceeding \$40,000 par value of common stock and assume the payment of outstanding obligations, as set forth in the preceding opinion, in consideration for the transfer of said operative rights and equipment.
3. 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 V. L. Parker has withdrawn or canceled and Parker & Martin, 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.

4. Parker & Martin, 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 on the date hereof.

Dated at San Francisco, California, this 15th day of December, 1956.

John E. Mitchell
President

Justin F. Craemer

Raymond L. ...

Mark ...

Commissioners

Commissioner Rex Hardy, being necessarily absent, did not participate in the disposition of this proceeding.