

ORIGINALDecision No. 54313

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of
AL BLASI to transfer a Certificate
of Public Convenience and Necessity
to Blasi Transportation, a corpora-
tion, and for BLASI TRANSPORTATION,
a corporation, to issue stock.

Application No. 38598
(and Amendment)

O P I N I O N

This is an application for an order of the Commission
(1) authorizing Al Blasi to transfer highway common carrier
operative rights to Blasi Transportation, a corporation, and
(2) authorizing said corporation to issue 5,000 shares of its
no par value common stock for \$20,000 in cash.

The application shows that Al Blasi owns a certificate
of public convenience and necessity granted by the Commission
by Decision No. 43428, dated October 18, 1949, in Application
No. 30212, authorizing the transportation of lumber and forest
products generally in northern California. He also holds per-
mits as a radial highway common carrier, highway contract carrier,
and a petroleum contract carrier. In financial statements filed
with the Commission, he has reported his operating revenues and
net income during the last three years as follows:

	<u>1954</u>	<u>1955</u>	<u>1956</u> <u>10 Months</u>
Operating Revenues	\$291,737	\$345,333	\$444,247
Net income	42,898	53,798	90,224

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In Exhibit B attached to the application, Al Blasi has reported his assets, liabilities and capital as follows:

<u>Assets</u>		
Current assets -		
Cash and deposits	\$28,818	
Accounts receivable	71,494	
Prepayments	3,844	
Materials and supplies	<u>1,923</u>	
Total current assets		\$106,079
Tangible property, less reserve		<u>227,364</u>
Total		<u>\$333,443</u>

<u>Liabilities and Capital</u>		
Current liabilities		\$ 52,370
Long-term debt		65,810
Proprietorship		<u>215,263</u>
Total		<u>\$333,443</u>

It now appears that Al Blasi has concluded that his operations can be conducted more advantageously by means of a corporate form of organization and that he proposes to transfer his operative rights to Blasi Transportation, a new corporation, which he has formed for the express purpose of taking over such rights and of conducting the operations. Al Blasi will retain ownership of his tangible properties and will lease to the corporation such portion of such properties as will be required in the operations. The transfer of the operative rights will be made to the corporation without cost to it.

Upon acquiring the operative rights and business, Blasi Transportation proposes to issue 5,000 shares of its no par value stock to Al Blasi for \$20,000 in cash in order to obtain funds for working capital and to maintain and improve

its service and to acquire additional assets as may be desirable and necessary in the operation of the business.

It appears that there will be no change in the rates or service as the result of the transfer and that operative properties will be available to the corporation to enable it to continue the present operations. Upon reviewing the verified application, we are of the opinion, and so find, that the transfer under the terms as proposed, and subject to the conditions of the order herein, 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.

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, 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 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. Al Blasi may transfer to Blasi Transportation, a corporation, the operative rights issued by the Commission by Decision No. 43428, dated October 18, 1949, such transfer to be made on or before April 30, 1957,

Provided, however, that the authority herein granted is subject to the condition that the property withheld by applicant Al Blasi from transfer to said corporation is not relieved from its devotion to the public use and that its status as public utility operative property shall continue as though no transfer had taken place, anything in any lease or other contract or agreement between applicant and said corporation to the contrary notwithstanding.

2. Blasi Transportation, a corporation, may issue not exceeding 5,000 shares of its capital stock for the sum of \$20,000 and use the proceeds for working capital to maintain and improve the service and to purchase additional 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 Al Blasi has withdrawn or canceled and Blasi

Transportation, 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. 30.

4. Blasí Transportation, 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. This order will become effective on the date hereof.

Dated at San Francisco, California, this 27th day of DECEMBER, 1956.

[Signature]
President
[Signature]
[Signature]
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Commissioners