

Decision No. 54373

ORIGINAL

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of:

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

(b) BARRETT GARAGES, INC., a California corporation, to sell and BARRETT TRANSPORTATION, INC., a California corporation, to purchase a highway passenger stage operating right for the transportation of passengers and their baggage between the cities of San Francisco, Oakland, Burlingame, San Mateo, Belmont, San Carlos, Redwood City, Menlo Park and Palo Alto, California, and the San Francisco International Airport, San Mateo County, California, pursuant to Section 851-853 of the California Public Utilities Code.

Application
No. 38696

O P I N I O N

In this application Barrett Garages, Inc., a corporation, seeks authorization to transfer to Barrett Transportation, Inc., a corporation, its operative rights for the transportation of passengers and their baggage between San Francisco, and other points, and San Francisco International Airport, together with motor vehicle and other assets used in its transportation operations. The properties will be transferred at their book values, subject to outstanding liabilities, in exchange for \$350,000 par value of common stock, this being the reported net worth of the properties to be transferred.

The application shows that Barrett Transportation, Inc., was organized by Barrett Garages, Inc. It will commence business with all the transportation equipment now being operated by Barrett Garages, Inc., and with the same management and personnel and under the same rates, rules and regulations. A pro forma balance sheet attached to the application indicates that Barrett Transportation, Inc., will enter upon its operations with cash and other current assets in the amount of \$76,071 and current liabilities of \$13,300.

Upon reviewing this application, we are of the opinion, and so find, that the proposed transfer will not be adverse to the public interest, that the money, property or labor to be procured or paid for by the issue of \$350,000 of common stock is reasonably required by Barrett Transportation, Inc., 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 this order, we place Barrett Transportation, Inc., 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 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 and that the application should be granted; therefore,

IT IS HEREBY ORDERED as follows:

1. Barrett Garages, Inc., may transfer to Barrett Transportation, Inc., the operative rights acquired by it under authorization granted by Decision No. 50229, dated July 6, 1954, together with operative equipment referred to in this application.
2. Barrett Transportation, Inc., in payment for said operative rights and equipment, may assume the payment of outstanding indebtedness of Barrett Garages, Inc., and may issue to Barrett Garages, Inc., not exceeding \$350,000 par value of its common capital stock.
3. On not less than one day's notice to the Commission and to the public, effective concurrently with the consummation of such transfer, applicants shall supplement or reissue the tariffs and timetables on file with the Commission naming rates, rules, regulations and schedules governing the common carrier operations here involved to show that Barrett Garages, Inc., has withdrawn or canceled and Barrett Transportation, Inc., has adopted or established, as its own, said rates, rules, regulations and schedules.

4. Barrett Transportation, 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 January, 1957.

John E. Fitzhugh President
Paul W. Luterer
B. H. Harty
C. L. Fox
Commissioners